

## Guide for calculating interest on workers' compensation benefits

*This document contains general information. It is not legal advice. Every situation is different and other laws might apply to your situation. If you have questions, contact an attorney, visit the Department of Labor and Industry website at [www.dli.mn.gov/business/workers-compensation-businesses](http://www.dli.mn.gov/business/workers-compensation-businesses) or call the workers' compensation hotline at 800-342-5354 and press 3.*

The law in effect on the date of injury determines the rate of interest payable. For dates of injury before May 28, 1977, the rate of interest on benefits not paid when due is set by case law at 6 percent. See Bordeaux v. Gilbert Motor Company, 20 N.W.2d 393, 14 W.C.D. 45 (1945) and Hop v. NSP, S.C. Summarily Affirmed 1/8/97 (W.C.C.A. 9/12/96).

For dates of injury on or after May 28, 1977, the rate of interest is set by statute. Minnesota Statutes section 176.221, subd. 7, provides, in part:

Any payment of compensation, charges for treatment under section 176.135, rehabilitation expenses under section 176.102, subd. 9, or penalties assessed under this chapter not made when due shall bear interest from the due date to the date the payment is made at the rate set by section 549.09, subd. 1.

The applicable interest rate differs depending on the calendar year during which the debt became due.

Year	Interest rate
May 28, 1977 through Dec. 31, 1983	8 percent Rate set by Minnesota Statutes section 176.221
Jan. 1, 1984 through Dec. 31, 1985	9 percent Rate set by Minnesota Statutes section 549.09
Jan. 1, 1986 through Sept. 30, 1995	8 percent Rate set by Minnesota Statutes section 176.221
Oct. 1, 1995 through Dec. 31, 1995	6 percent Rate set by Minnesota Statutes section 549.09
Jan. 1, 1996 through Dec. 31, 1998	5 percent

Year	Interest rate
Jan. 1, 1999 through Dec. 31, 1999	4 percent
Jan. 1, 2000 through Dec. 31, 2000	5 percent
Jan. 1, 2001 through Dec. 31, 2001	6 percent
Jan. 1, 2002 through Dec. 31, 2002	2 percent
Jan. 1, 2003 through Dec. 31, 2006	4 percent
Jan. 1, 2007 through Dec. 31, 2007	5 percent
Jan. 1, 2008 through Dec. 31, 2017	4 percent*

The interest rate payable by a liable party to reimburse a payor of disputed benefits under Minnesota Statutes sections 176.191 and 176.66 is 12 percent.

Minnesota Statutes section 549.09, subd. 2, provides, in part:

During each calendar year, interest shall accrue on the unpaid balance of the judgment or award from the time it is entered or made until it is paid, at the annual rate provided in subdivision 1.

This means the interest rate might fluctuate for an award that spans more than one year.

\*Effective Aug. 1, 2009, for a judgment or award of more than \$50,000, other than a judgment or award for or against the state or a political subdivision, the interest rate shall be 10 percent a year until paid. See Minnesota Statutes section 549.09.

## Tips and instructions for calculating interest

Use this formula to calculate the amount of interest due:

$$\frac{\$ x \%}{52} \times N = \text{Interest due}$$

\$ = The amount of a lump-sum payment, charges for medical treatment, rehabilitation expenses or penalties due.

% = The applicable interest rate.

N = The number of weeks for which interest is due.

The Minnesota Workers' Compensation Reinsurance Association has developed an interest calculator. It is provided at [https://ereporting.wcra.biz/calculators/InterestCalc\\_More.aspx](https://ereporting.wcra.biz/calculators/InterestCalc_More.aspx). It contains examples of interest calculations on lump-sum and weekly benefits.