

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 dli.mn.gov/business/workers-compensation-businesses or contact the Workers' Compensation Help Desk at 651-284-5005 (press 3), 800-342-5354 (press 3) or helpdesk.dli@state.mn.us.

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%. See Bordeaux v. Gilbert Motor Company, 20 N.W.2d 393 (1945) and Hop v. Northern State Power Company, 560 N.W.2d 92 (Table) (MN Supreme Court 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, subdivision 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.

The interest rate owed on underpaid compensation benefits accrues at the statutory rate in effect at the time the underpayment was due. Oseland v. Crow Wing County, 928 N.W.2d 744 (Minn. 2019). See also, Minn. Stat. section 176.221, subd. 7.

Effective date	Interest rate
May 28, 1977	8% Rate set by Minnesota Statutes section 176.221
Jan. 1, 1984	9% Rate set by Minnesota Statutes section 549.09
Jan. 1, 1986	8% Rate set by Minnesota Statutes section 176.221
Oct. 1, 1995	6% Rate set by Minnesota Statutes section 549.09
Jan. 1, 1996	5%
Jan. 1, 1999	4%
Jan. 1, 2000	5%
Jan. 1, 2001	6%

Effective date	Interest rate
Jan. 1, 2002	2%
Jan. 1, 2003	4%
Jan. 1, 2007	5%
On and after Jan. 1, 2008	4%*

Interest rate for the unpaid balance of a judgment or award

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% a year until paid. See [Minnesota Statutes section 549.09](#).

Interest rate for reimbursement to a payor of disputed benefits

The interest rate payable by a liable party to reimburse a payor of disputed benefits under Minn. Stat. sections 176.191 and 176.66 is 12%.

Formula for calculating interest on underpaid benefits

Use this formula to calculate the amount of interest due:

$$P \times R \times T = \text{Interest due}$$

P = The underpayment or principal.

R = The applicable interest rate.

T = The time (in years).

Formula for calculating interest on a lump-sum payment

Use this formula to calculate the amount of interest due:

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

\$ = 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.