

## How to Determine Pre- & Post- Judgment Interest Rates in 2021

1. Is there a contract that sets the interest rate? If not, go to #2.
2. Is there a statute other than AS 09.30.070 that sets the interest rate?<sup>1</sup> If not, go to #3.
3. When did the cause of action accrue?<sup>2</sup>
  - a. Before August 7, 1997: Both the pre- & post- judgment interest rates are 10.5%<sup>3</sup>
  - b. On or After August 7, 1997: Both pre- & post- judgment interest rates will be the interest rate for the year in which the judgment is entered.<sup>4</sup> **For judgments entered in 2021, this rate is 3.25%.<sup>5</sup>**

Note: After the interest rate on a particular judgment is established, it does not later change, even though the interest rate changes. For example: The post-judgment interest rate on a judgment entered in 2001 is 9%. That rate will stay 9% until the judgment is paid. It is not affected by the fact that new judgments entered in 2021 will have a 3.25% interest rate.

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<sup>1</sup> Examples of other statutes that set interest rates:

- AS 25.27.025 – child support arrearages
- AS 06.05.473(h) – claims upon liquidation of a state bank
- AS 09.55.440(a) – compensation for property taken in eminent domain proceeding
- AS 13.16.475(d) – claims against decedent’s estate

<sup>2</sup> Accrue. In general, a cause of action “accrues” when a suit may be maintained thereon, that is, when sufficient events have occurred to support a valid lawsuit (for example, when injury or damage occurs or when a contract is breached).

<sup>3</sup> See §§ 18 and 55 ch 26 SLA 1997. The interest rate is 10.5% if the complaint was filed on or after July 1, 1980. If the complaint was filed before July 1, 1980, a different rate applies.

<sup>4</sup> This rate is defined in AS 09.30.070(a) as “three percentage points above the 12<sup>th</sup> Federal Reserve District discount rate in effect on January 2 of the year in which the judgment or decree is entered.” (Note: Discount rate information is available at the following website: <http://www.frb.org/banking/discount-window/discount-rate/>.)

<sup>5</sup> The discount rate in effect on January 2, 2021, is 0.25%. The rates for prior years were:

<u>Year</u>	<u>Federal Reserve Discount Rate on January 2</u>	<u>Pre- and Post- Judgment Interest Rate for Judgments Entered that Year</u>
1997*	5%	8%
1998	5%	8%
1999	4.5%	7.5%
2000	5%	8%
2001	6%	9%
2002	1.25%	4.25%
2003	.75%	3.75%
2004	2%	5%
2005	3.25%	6.25%
2006	5.25%	8.25%
2007	6.25%	9.25%
2008	4.75%	7.75%
2009-2010	.5%	3.5%
2011-2015	.75%	3.75%
2016	1%	4%
2017	1.25%	4.25%
2018	2%	5%
2019	3%	6%
2020	2.25%	5.25%

\* After the August 7, 1997, effective date of the current interest rate law (§§ 18 and 55 ch 26 SLA 1997).