

## RESIDENTIAL TENANCIES ACT

### SECURITY DEPOSIT INTEREST CALCULATION SAMPLES

Interest earned on a security deposit is calculated on a year by year basis as simple interest using the following formula:

Security deposit amount multiplied by the applicable yearly interest rate divided by number of days per year multiplied by the number of days for each year the security deposit was held by the landlord.

#### Example #1

Tenant paid a Security Deposit of \$200.00 on June 1, 1996 and was refunded the security deposit on November 30, 1999. Interest must be calculated for each of the years 1996, 1997, 1998 and 1999.

1. Interest for 1996  
June 1 to December 31 = 214 days  
Interest Rate 3%  
 $\$200.00 \times .03\% \div 365 \text{ days} \times 214 \text{ days} = 3.51$
2. Interest for 1997  
January 1 to December 31 = 365 days  
Interest Rate 1%  
 $\$200.00 \times .01\% \div 365 \text{ days} \times 365 \text{ days} = \$2.00$
3. Interest for 1998  
January 1 to December 31 = 365 days  
Interest Rate 1%  
 $\$200.00 \times .01\% \div 365 \text{ days} \times 365 \text{ days} = \$2.00$
4. Interest for 1999  
January 1 to November 30 = 334 days  
Interest Rate 2.5%  
 $\$200.00 \times .025\% \div 365 \text{ days} \times 334 \text{ days} = \$4.57$

Total Interest for June 1, 1996 to November 30, 1999 equals \$12.08

## Example #2

Tenant paid a Security Deposit of \$275.00 on April 15, 1999 and was refunded the security deposit on August 31, 2000. Interest must be calculated for each of the years 1999 and 2000.

1. Interest for 1999  
April 15 to December 31 = 261 days  
Interest Rate 2.5%  
 $\$275.00 \times .025\% \div 365 \text{ days} \times 261 \text{ days} = \$4.91$
2. Interest for 2000  
January 1 to August 31 = 243 days  
Interest Rate 2.5%  
 $\$275.00 \times .025\% \div 365 \text{ days} \times 243 \text{ days} = \$4.57.$

Total Interest for April 15, 1999 to August 31, 2000 equals \$9.48.

## Example #3

Tenant paid a Security Deposit of \$150.00 on March 10, 2000 and was refunded the security deposit on August 21, 2000. Interest must be calculated for the year 2000.

1. Interest for 2000  
March 10 to August 21 = 165 days  
Interest rate 2.5%  
 $\$150.00 \times .025\% \div 365 \text{ days} \times 165 \text{ days} = 1.69$

Total interest for March 10, 2000 to August 21, 2000 equals \$1.69/

## Example #4

Tenant paid a security Deposit of \$375.00 on August 15, 2000 and was refunded the security deposit on January 31, 2001. Interest must be calculated for each of the years 2000 and 2001.

1. Interest for 2000  
August 15 to December 31 = 139 days  
Interest Rate 2.5%  
 $\$375.00 \times .025\% \div 365 \text{ days} \times 139 \text{ days} = \$3.57$
2. Interest for 2001  
January 1 to January 31 = 31 days  
Interest Rate 4%  
 $\$375.00 \times .04\% \div 365 \text{ days} \times 31 \text{ days} = \$1.27$

Total Interest for August 15, 2000 to January 31, 2001 equal \$4.84.