

## Return to Title IV Fund Procedure (R2T4)

This procedure applies to the following US Loan Programmes:

- Federal Student Subsidized Loans
- Federal Student Unsubsidized Loans
- Federal PLUS Loans

We are required to complete a Return to Title IV (R2T4) calculation for US Federal loan recipients who withdraw from their studies during the course of the academic year. The withdrawal may be initiated by the student or by the School as a result of academic failure and/or non-attendance.

A withdrawal is defined as a student following University procedures detailed in the [Student Interruption and Withdrawal Procedure](#). The withdrawal date is defined as the last day of attendance on the student records system. The withdrawal will be determined by the school no later than 14 days after the last day of attendance.

All other withdrawals will be determined by the School who will decide if a student should be withdrawn for non-engagement. Students who do not enrol and/or never attend classes are ineligible for US loans and therefore their US loans will be canceled. The University is required to inform UK Visas & Immigration of any change of enrolment for international students.

### **Student interruption, suspension and withdrawal and fee liability**

Your LSBU tuition fee liability is subject the date you started the Interruption of Studies/Withdrawal process. The dates and fee reductions can be found in the Tuition Fee Regulations on our [Policies and Procedures webpage](#).

Reassessments of fee liability are made in line with these regulations.

Students are bound by the fee liability conditions within the Tuition Fee Regulations.

### **The Payment of Tuition Fees**

We are required to disburse Federal Loans in multiple and equal disbursements in accordance with LSBU's structure of semesters. For Undergraduates and Research students LSBU will retain 50% of the tuition fee from two equal disbursements. For Taught Postgraduate students LSBU will retain 33.3% of the tuition fee from three equal disbursements.

### **Early withdrawals**

Where withdrawal occurs when only 60% or less of the appropriate disbursement period has elapsed, then it is considered that the disbursement has not been fully earned and a Return to Title IV Funds calculation must be carried out. We use the "Treatment of Title IV Funds when a student withdraws from a Credit-Hour Program" document for this purpose and then return funds as required by the calculation.

The withdrawal and return of funds is calculated on a R2T4 form. The R2T4 calculates the amount of 'earned' and 'unearned' loan funds. The 'unearned loan funds' must be returned to the US Department of Education. The amount to be returned will be calculated using the number of days the student attended in the given payment period and the total number of days in the given payment period.

A return to Title IV (R2T4) calculation for US Federal loan recipients is also required where recipients undertake an interruption of study longer than 180 days or go on an unauthorised interruption.

### **Earned financial aid calculations**

Students who are in receipt of Federal Aid must earn this aid by remaining enrolled on their course and be in attendance of their classes. The amount of Federal Aid earned by the students is pro-rated. Students who do withdraw or do not complete the registration required for their classes during the payment period may have a requirement to return some of the Federal Aid they have been awarded.

**The percentage earned** – The amount of DL funds earned is calculated by the number of calendar days completed up to the withdrawal date (student in attendance or withdrawal date) divided by the total number of calendar days within the payment period (excluding scheduled breaks of five days or more or days that the student was on approved leave). If the earned percentage is more than 60%, then there is nothing to be returned (step 1).

*Days completed/total days = percentage completed*

Where the percentage of aid earned is 60% or less, the percentage calculated in step 1 is multiplied by the total Title IV aid disbursed and could have been disbursed for that payment period to give in USD the amount of Title IV aid earned by the student.

*Total aid disbursed x percentage completed = earned aid*

**The percentage unearned** – is equal to 100 percent – the percent earned

Where a student ceases to attend their elected course but transfers to another course in the same payment period they are not considered to have withdrawn and are eligible to receive Title IV funds for which the student was eligible for before ceasing their attendance.

#### **Amount of Title IV aid to be disbursed or returned**

If any aid that has been disbursed is less than the aid earned then a post-withdrawal disbursement will need to be calculated by LSBU.

*Total disbursed aid – earned aid = unearned aid to be returned*

LSBU has a responsibility to return unearned aid, whichever is the lesser amount between the Title IV aid to be returned and the amount of unearned charges.

For example, a student leaves after attending only 24 days in the first term (payment period):

<b>Total number of days:</b>	100
<b>No. of days completed:</b>	24
<b>% earned:</b>	0.24

<b>Total Title IV Disbursed/ Could have been disbursed:</b>	2000
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<b>Amount earned:</b>	480
<b>Amount unearned:</b>	1520

There is an order for the return of unearned aid:

1. Unsubsidised Direct Loan (up to the total net amount disbursed)
2. Subsidised Direct Loan (up to the total net amount disbursed)
3. Graduate Plus Direct Loan (up to the total net amount disbursed)
4. Parent Plus Loan (up to the total net amount disbursed)

Regulations require LSBU to perform an R2T4 calculation as soon as possible within 30 days from the date the student was determined withdrawn by the School. The School must return funds within 45 days of the date of determination that the student withdrew.

The US Loans Administrator completes the R2T4 calculation process and LSBU's Finance Office handles the return of funds to G5.

In some cases the student has a responsibility to return funds where there is a difference between the amounts of Title IV Funds to be returned minus the amount of Funds to be returned by LSBU.

#### **University and students' responsibilities for returning unearned Federal Funds**

- The University and student are both responsible for any return of unearned Federal Aid. The student will be charged for any amount due to LSBU because of the R2T4 calculation.
- The Finance Office will notify the student if they owe Federal Funds. Any student/parent borrower who owed funds will be allowed to repay the loan based upon the terms set out on the Master Promissory Note.
- Where US Department of Education regulations for the return of funds have been satisfied and should there be a balance remaining after application of our Fee Policy then this will be reimbursed to the Student. This would be applicable to a student who completes more than 60% of the payment period before withdrawal, it is considered that they have earned 100% of the Title IV Funds that they were scheduled to receive during the period.

### **University's responsibilities**

- Provide student with the information set out in this policy
- Complete an R2T4 calculation for any student who is affected by this procedure
- Inform the student of the result of the R2T4 calculation and a balance the is owed to the University because of the return of funds
- If applicable, notify any student/plus borrower of any eligibility to 'post-withdrawal disbursements' within 30 days of the date of determination. The notification will advise on the repayment obligations of the loan.
- Request confirmation of acceptance of any 'post-withdrawal disbursements'
- Credit a student's account with the post-withdrawal disbursement within 180 days of the date of determination to cover current outstanding charges for tuition, fees and university accommodation.
- Return any un-earned funds or 'post-withdrawal disbursements' to the Department of Education if any of the amount is declined or if there is no response from the borrower.

### **Student's responsibilities**

- To be aware of this policy
- To be aware of the effect of withdrawal on their Title IV federal aid eligibility
- Ensure that any outstanding balance owed to the University resulting from a return of unearned funds is paid
- If applicable, respond to notification of eligibility for 'post-withdrawal disbursements' from the University.
- The borrower may respond declining a 'post-withdrawal disbursement' in part or fully. The School reserves the right to not to accept the response if it is late.

### **Please note:**

1. Please note that this policy applies to withdrawals, interruptions and academic failures.
2. The procedures and policies detailed are subject to change in line with any changes to Federal Laws, Federal Regulations or University Policies. For more in depth guidance regarding the R2T4 policies and procedures please refer to the [Federal Student Aid Handbook](#).

### **Refund information**

- For information on refunds please see LSBU's [Fee refunds](#) page.
- For the LSBU refund policies and procedures please refer to the [Student Compensation and Refund Policy](#).