

University of Western Ontario Return to Title IV Funds Policy (R2T4)

The law specifies how the school must determine the amount of Title IV program assistance (Stafford Loans) that students earn if they withdraw from school. Student Financial Aid is responsible for and uses worksheets provided by the US Department of Education to calculate the R2T4 funds. All funds must be returned to the lender within 45 days of the date of when the school determined that a student withdrew. If you have questions about your Title IV program funds, students can call the Federal Student Aid Information Center at 1-800-4-FEDAID (1-800-433-3243). TTY users may call 1-800-730-8913. Information is also available on *Student Aid on the Web* at www.studentaid.ed.gov.

When a student withdraws during a payment period, the amount of Title IV program assistance that has been earned up to that point is determined by a specific formula. The date of withdrawal is the effective date of withdrawal used by your Faculty on a Change of Status form. If the student received (or the school received on the student's behalf) less assistance than the amount that was earned, the student may be able to receive those additional funds. If the student received more assistance than was earned, the excess funds must be returned by the school and/or the student.

The amount of assistance earned is determined on a pro rata basis. The payment period is the study period for which the loan was certified and the per cent of attendance is calculated by dividing the number of days attended by the total number of days in the study period. For example, if the student completes 30% of the period of enrollment, the student has earned 30% of the assistance they were originally scheduled to receive. Once the student has completed more than 60% of the period of enrollment, all the assistance that the student was scheduled to receive for that period is considered to have been earned. If the student did not receive all of the funds that were earned, he or she may be due a post-withdrawal disbursement. The student may choose to decline the loan funds so that additional debt is not incurred. Student Financial Aid will use the R2T4 worksheets as provided by the US Department of Education to determine how much of the loan may be retained and how much must be returned.

The school may automatically use all or a portion of your post-withdrawal disbursement (if the student accepts them) for tuition, fees, and room and board charges. For all other school charges, the school needs the student's permission to use the post-withdrawal disbursement. If the student does not give permission the student will not be offered the funds. However, it may be in one's best interest to allow the school to keep the funds to reduce the debt at the school.

There are some Title IV funds that students were scheduled to receive that cannot be *earned* once a student withdraws because of other eligibility requirements. For example, in certain circumstances, if a first-time, first-year undergraduate student has not completed the first 30 days of the program before withdrawal, the student will not earn any Direct loan funds that he or she would have received had the student remained enrolled past the 30th day. If the student receives (or the school receives on behalf of the student) excess Title IV program funds that must be returned, the school must return a portion of the excess equal to the lesser of:

1. The institutional charges multiplied by the unearned percentage of the funds, or
2. The entire amount of excess funds.

The school must return this amount even if it didn't keep this amount of the Title IV program funds. If the school is not required to return all of the excess funds, the student must return the remaining amount. Any loan funds that must be returned, the student repays in accordance with the terms of the promissory note. That is, scheduled payments are made to the holder of the loan over a period of time. Students who have received a refund of their loan proceeds before withdrawing may be required to return part or all of those funds to the lender.

Title IV funds will be returned in the following order:

1. Unsubsidized Federal Stafford loans
2. Subsidized Federal Stafford loans
3. PLUS Loan Funds

The requirements for Title IV program funds when students withdraw are separate from any refund policy that the school may have. Therefore, the student may still owe funds to the school to cover unpaid institutional charges. The school may also attempt to collect from the student any Title IV program funds that the school was required to return. Students view a copy of the refund schedule online at www.registrar.uwo.ca.