

## Return of Title IV Funds (R2T4)

### **Dropping Coursework and Return of Title IV Funds (R2T4) Policy**

Federal aid (AKA “Title IV” aid) is awarded under the assumption that you will attend the institution for the entire period in which federal assistance was awarded. If you withdraw from school or drop all of your courses before the end of a term, you may no longer be eligible for the full amount of Title IV funds that you have received or were scheduled to receive, and would thus be subject to a Return of Title IV Funds (R2T4).

The return of funds is based upon the premise that students earn their financial aid in proportion to the amount of time in which they are enrolled. A pro-rated schedule is used to determine the amount of federal student aid funds they will have earned at the time of the withdrawal. For example, a student who withdraws in the second week of classes has earned less of his/her financial aid than a student who withdraws in the seventh week. Once over 60% of the semester is completed, a student is considered to have earned all of their financial aid and will not be required to return any funds.

### **Calculating Earned Financial Aid**

The amount of *earned* financial aid is calculated on a daily basis from the first day of classes. The process uses calendar rather than business days. *Earned* aid is determined by taking the number of days attended before enrollment ended divided by the total number of days in the term (first day of instruction until the last day of finals, excluding Reading Week in the fall semester and Spring Break in the spring semester).

*Return* policies apply to students that withdraw on or before the 60% point of the term. For a student who withdraws after the 60% point-in-time, there is no *unearned* financial aid. All students who withdraw from coursework during the semester, regardless of when, will have the R2T4 calculation performed in order to determine whether or not they are eligible to receive a “Post-Withdrawal Disbursement (PWD)”.

### **Post-Withdrawal Disbursements (PWD)**

In compliance with federal regulations, PSR Financial Aid will perform the R2T4 calculation within 30 days of the student’s withdrawal and funds will be returned to the appropriate federal aid program within 45 days of the withdrawal date should a return be necessary. An evaluation will be done to determine if aid was

eligible to be disbursed but had not disbursed as of the withdrawal date. If the student meets the federal criteria for a PWD, the student will be notified of their eligibility within 30 days of determining the student's date of withdrawal. Because PSR is a graduate institution and thus only disburses federal direct loans, after being notified of PWD eligibility, students must reply to PSR Financial Aid if they wish to accept the post withdrawal loan obligation. When a PWD is accepted, the funds will be disbursed within 45 days of determining the student's date of withdrawal. A PWD of loan funds would first be used toward any outstanding charges before any funds are returned to you. If no response is received within approximately two weeks of notification, the award will be canceled.

### **School Portion vs. Student Portion of Return of Title IV Funds**

As part of the R2T4 calculation, schools must assess the charges made to the student and calculate a percentage of charges that were "unearned" by the school, based upon the percentage of the term that the student actually completed. For example, If PSR charges a student for 9 credits at \$710/credit for the fall semester (charges equaling \$6390) and the student withdrew from courses after completing 50% of the fall semester, PSR must return 50% of "unearned charges" (totaling \$3195) made to the student for which Title IV funds were used to pay the charges incurred. After the school returns its portion of unearned aid, any amount of the total *unearned* aid that remains becomes the **student portion** of the *Return*. The student portion of the *Return* is calculated by subtracting the amount of the school Return from the ***total unearned aid***.

#### **Total Unearned Aid**

**(Subtract) School Return Amount**

**(Equals) Student Portion of Return**

Because PSR is a graduate institution, R2T4 policies only apply to Federal Direct Unsubsidized Loans and Federal Direct Graduate PLUS Loans. The student portion of unearned loans is to be repaid according to the terms of your Master Promissory Note. You will not be billed for these funds upon discontinued enrollment.

### **Future Aid Eligibility**

Anytime a student receiving a federal direct loan drops below a half-time load of coursework, they must complete Exit Counseling, and the Financial Aid Office will notify the student right of this requirement as soon as possible, but no later than 30 days past the time of withdrawal. A financial aid-related hold will also be placed on the student's account that will prevent the student from receiving transcripts or registering in the future until the Exit Counseling has been completed. Additionally, anytime a student is enrolled less than part-time, the "grace period" of six months begins before loans must enter repayment. This grace period will begin on the day of the withdrawal from the school. The student must contact the U.S. Department of Education (ED) or his/ her lender(s) to make payment arrangements, and once payment arrangements are made, loans must be repaid by the loan borrower as outlined in the terms of the borrower's promissory note. For more information on how to repay your loans, including information on the different payment plans available to students, [you can go here](#).

### **Satisfactory Academic Progress (SAP)**

When a student withdraws from coursework and does not complete at least 75% of the term in which they were enrolled, the student is then placed on academic probation and is thus not meeting Satisfactory Academic Progress (SAP) per PSR SAP policy. For more information on SAP, please visit the appropriate policy section of our website [by going here](#).

Other helpful and related PSR policy links:

[Current Year Tuition Rates and Tuition Refund Policy](#)

[Leave of Absence and Deferment](#)

[Satisfactory Academic Progress \(SAP\) Policy](#)

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