



US Federal Student Aid Policy

WITHDRAWAL AND RETURN OF TITLE IV FUNDS (R2T4) POLICY

If a U.S. Federal Student Aid (FSA) student who began attendance is determined to have withdrawn, discontinued or defer from the University of Otago (the University), the University is required to comply with US Federal Law 34 CFR § 668.22 and complete a Return of Title IV Funds (R2T4) calculation in order to determine the earned and unearned portions of Title IV funds as of the date the student ceases attendance. The Financial Aid Office must arrange for any “unearned” FSA to be returned to the US Department of Education.

Note: Under the University’s tuition/fees refund policy, tuition and fees become payable in full once the student is enrolled beyond the deadlines for Additions and Deletions. The University’s regulations are separate from the Return of Title IV regulations and withdrawing students may still owe funds to the school to cover unpaid charges which cannot be covered by FSA.

DEFINITIONS

Payment period - Payment period means the period for which the aid was certified and disbursed. For coursework, the payment period equals semester; for research, the payment period equals one six-month term (January to June or July to December) within the calendar year. The end of the payment period is the last day of the semester in which the student is enrolled for coursework or the last date the term for research.

TYPES OF WITHDRAWAL AND LEAVES OF ABSENCE (DEFERRAL)

WITHDRAWALS

Official Withdrawal

A “withdrawal” refers to a student’s intent to completely terminate studies at the University with no expectation of return. Students, who subsequently decide to return to their studies, must re-enrol through eVision. Official withdrawal is where the University has received notice from the student they have ceased or will cease attending the University.

Unofficial Withdrawal

An unofficial withdrawal is one where the University has not received notice from the student that the student has ceased or will cease attending the University.

LEAVES OF ABSENCES (LOA)

- *Masters by Research and PhD students only*
- *At the University a leave of absences is known as a deferral*
- *Students are encouraged to speak to the Financial Aid Coordinator before submitting a LOA*

Approved Leave of Absence

A LOA is a temporary interruption in a student’s programme of study. LOA refers to the specific time period during a programme when a student is not in attendance and will return to complete the programme. Students returning from a LOA are not required to re-apply for admission but re-enrol for their course through eVision. A student who is granted an approved LOA is considered to remain in an in-school status for Title IV loan repayment purposes.

Unapproved Leaves of Absence

The University may grant a student a LOA that does not meet the conditions to be an approved LOA for Title IV purposes. However, any LOA that does not meet all the conditions for an approved LOA is considered a withdrawal for Title IV purposes.

Note: An LOA must meet the conditions below to qualify as an Approved LOA:

- The situation described as the reason for the LOA must be non-academic in nature and one that leads to a reasonable expectation that the student will return from the LOA within the allowed time frame.
- Students must apply in advance for a LOA unless unforeseen circumstances prevent the student from doing so (for example, injury or illness).
- A student returning from an LOA must resume study at the same point in the academic program that he or she began the LOA.
- The LOA together with any additional leaves of absence must not exceed a total of 180 days in any 12-month period including days in which school is not in session.
- Note: A failure to return from an Approved LOA may affect loan repayment terms, including the expiration of the grace period.

DETERMINATION OF WITHDRAWAL DATE

The withdrawal date used in the return calculation of a student's FSA is the actual date indicated in eVision. If a student stops attending classes without notifying the University, the withdrawal date will be the midpoint of the enrolment period or the last date of academic activity determined by the University. Additional documentation supporting the last date of academic activity may be provided by the student if they verify a later date of attendance than determined by the University.

WITHDRAWING WHEN COMPLETING 60% OR LESS OF AN ENROLMENT PERIOD

Unless a student completes 60% of the enrolment period in which FSA was disbursed, the student will be required to return all, or part of the financial aid disbursed in the period.

This applies to students who have officially (including medical), or unofficially withdrawn. If a student's programme has a different start and end date for the payment period, they should contact the Financial Aid Coordinator for the 60% completion date.

RETURN OF TITLE IV FUNDS

The Financial Aid Office is required to perform calculations in accordance with the US regulations for Return of Title IV funds and use the R2T4 worksheets provided by the US Department of Education to determine the percentage of Title IV aid "earned" by the student. The calculations must be completed within 30 days from the date it determines a student's complete withdrawal. The University must return unearned FSA for which it is responsible as soon as possible but no later than 45 days from the determination of a student's withdrawal.

Up through the 60% point in the period of enrolment, a pro-rated schedule is used to determine the amount of FSA the student has earned at the time of the withdrawal. After the 60% point in the period of enrolment, a student is considered to have earned 100% of the FSA that they were scheduled to receive. For a student who withdraws after the 60% point-in-time, there are no unearned FSA.

STEPS IN THE RETURN OF TITLE IV FUNDS

Step 1: Student's FSA information

The Financial Aid Coordinator at the University will determine:

- a. The total amount of FSA disbursed for the payment period in which the student withdrew. A student's FSA is counted as aid disbursed in the calculation if it has been applied to the student's account on or before the date the student withdrew.
- b. The total amount of FSA disbursed plus the FSA that could have been disbursed for the semester in which the student withdrew.

Step 2: Percentage of FSA earned

The Financial Aid Office will calculate the percentage of Title IV aid earned as follows:

The number of calendar days completed by the student divided by the total number of calendar days in the payment period in which the student withdrew. The total number of calendar days in an payment period shall exclude any scheduled breaks of at least five consecutive days in the period of enrolment.

$$\text{Days Attended} \div \text{Days in Enrolment Period} = \text{Percentage Completed}$$

Step 3: Amount of FSA earned by the student

The Financial Aid Office will calculate the amount of Title IV aid earned as follows:

The percentage of Title IV aid earned (Step 2) multiplied by the total amount of FSA disbursed or that could have been disbursed for the semester in which the student withdrew (Step 1-a).

$$\text{Total Aid Disbursed} \times \text{Percentage Completed} = \text{Earned Aid}$$

As an example, if the student completes 30% of the payment period, the student has earned 30% of the FSA that was originally scheduled to receive within that loan period.

If the calculated percentage completed exceeds 60% of the payment period, then the student has "earned" all the FSA for the payment period.

Step 4: Amount of FSA to be disbursed or returned as a result of a withdrawal

- FSA already disbursed equals the earned aid, **no further action is required.**
- FSA already disbursed is greater than the earned aid, the University will return unearned FSA portion as soon as possible and no later than 45 days from the determination of a student's withdrawal.

$$\text{Total Disbursed Aid} - \text{Earned Aid} = \text{Unearned Aid to be Returned}$$

FSA must be returned in the following order:

1. Direct Unsubsidized loans
2. Direct Subsidized loans (awarded to undergraduates only)
3. Direct PLUS loans

FSA already disbursed is less than the earned aid, then the Financial Aid Coordinator at the University will calculate a post-withdrawal disbursement, see below.

Step 5: Written notification to the student, or parent in the case of parent PLUS loan.

The University must provide within 30 days of the date of the institution's determination that the student withdrew, a written notification to the student borrower, or parent in the case of Parent PLUS loan. If the University is required to return the unearned aid on a student's behalf to the US Department of Education, the student will be required to repay that money to the University.

Note that outstanding loans are repaid by the student according to the terms of the student's promissory notes.

POST WITHDRAWAL DISBURSEMENT (PWD)

If the student did not receive all the FSA that were earned, they may be due a post-withdrawal disbursement (PWD). The Financial Aid Coordinator at the University will use the R2T4 worksheets to determine how much of the FSA may be retained and how much must be returned.

The University will offer the student (or parent in the case of a PLUS) any PWD due within 30 days of the Date of Determination and request confirmation that the PWD is accepted within a specified timeframe.

Within 30 days of the date of determination, the Financial Aid Coordinator will notify the student borrower (and parent in the case of a Parent PLUS loan) of the following:

- Explain that the borrower may decline all or a portion of the PWD.
- Request confirmation of any amount to be credited to the student's account or directly disbursed to the borrower.
- Specify a deadline of 14 working days from the date the notification is sent for required response/confirmation from the borrower.
- Specify that if no response is received by the University within 14 working days, the University is not required to make the PWD.
- Explain the obligation to repay the loan.

The University will return any remaining PWD, accepted and requested by the borrower within the 14-working day deadline, to the student's account no later than 180 days after the determination that the student withdrew. The University may use all or a portion of the PWD for tuition fees, and room and board charges. For other charges, the University requires the student's permission to use the PWD.

If authorisation from a student (or parent for a Direct PLUS Loan) is received after the 14-working day deadline, the University will notify the student (or parent) by email that the post-withdrawal disbursement will not be made and why.

CONSEQUENCES OF NON-REPAYMENT OF DEBT INCURRED WITH THE UNIVERSITY

If a student does not pay funds due to the University to cover their tuition and fees balance, the student's records will be placed on financial hold. This means the student will not be permitted to enrol in classes or receive transcripts until the balance is paid.

CONTACT US

For any enquires about FSA at the University of Otago, please email: us.financialaid@otago.ac.nz