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Document title: **WITHDRAWAL AND RETURN TO TITLE IV FUNDS (R2T4 POLICY)**

Approval date: **July 2018**

Purpose of document: **Disclosing information on the Withdrawal and Return to Title IV Funds**

Office/department responsible: **Office of Student Financial Affairs and Scholarships**

Approved by: **Dr. Ehab Abdel Rahman – The Provost**

Document classification level: **PUBLIC**

Document accessible: <http://www.aucegypt.edu/about/university-policies>

Document includes: **Policy**

Related documents/see also:

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## **WITHDRAWAL AND RETURN TO TITLE IV FUNDS**

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### **Policy Statement**

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AUC is committed to the development, implementation, dissemination, and annual review of the withdrawal and Return of Title IV funds policy, which supports compliance with federal, state and university regulations.

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### **Reason for Policy/Purpose**

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To inform students, faculty and staff about the terms of eligibility of Title IV funds, in case of students' withdrawal. This will include the determination of the withdrawal date and how earned Financial Aid is calculated. It also includes the return of funds to the federal government and how it is based on the premise that a student earns financial aid in proportion to the length of time during which s/he remains enrolled. This is to ensure compliance with federal, state and university regulations related to federal financial aid.

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### **Who Approved This Policy**

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Dr. Ehab Abdel Rahman  
The Provost  
July 2018

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## Who Needs to Know This Policy

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AUC faculty, staff, and students who are disbursed financial aid awards and/or process federal financial aid calculations and return of Title IV funds.

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## Web Address for this Policy

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<http://www.aucegypt.edu/about/university-policies>

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## Contacts

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Responsible University Official: Ania Rejman

Responsible University Office: Office of Student Financial Affairs and Scholarships

If you have any questions on the policy or procedure for the Withdrawal and Return to Title IV Funds, you may:

1. Call Ania at 646-886-7700 OR
2. Send e-mail to [arejman@aucegypt.edu](mailto:arejman@aucegypt.edu)

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## Definitions

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Term (alphabetical order)	Definition as it relates to this policy

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## Policy/Procedures

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### How a Withdrawal Affects Financial Aid

Title IV (federal) financial aid funds are awarded under the assumption that a student will remain in classroom attendance for the entire period (semester) for which the funds were awarded.

When a student withdraws from all courses, regardless of the reason, s/he may no longer be eligible for the full amount of Title IV funds originally awarded. The return of funds to the federal government is based on the premise that a student earns financial aid in proportion to the length of time during which s/he remains enrolled. A prorated schedule determines the amount of federal student aid funds s/he will have earned at the time of full withdrawal.

For example, a student who withdraws in the second week of the semester has earned less of his/her financial aid than a student who withdraws in the fifth week. Once more than 60% point in the semester is reached, a student is considered to have earned all of the financial aid originally awarded and will not be required to return any funds.

Federal regulations require a recalculation of financial aid eligibility if a student:

- Completely withdraws;
- Stops attending before the semester's end;

AUC students who receive federal financial aid and who do not remain in attendance through the end of the semester could be responsible for repaying a portion of the financial aid originally received.

Students who do not begin attendance in classes are not eligible for federal financial aid and must repay all aid originally received.

**NOTE: AUC's institutional tuition refund policy is separate from federal regulations to return unearned aid. Receiving a tuition/fee refund from AUC will have no impact on the amount the student must repay to the federal aid programs.**

#### How Earned Financial Aid is calculated

Financial aid recipients "earn" the aid they originally received by remaining in classes. The amount of federal assistance earned is based on a prorated system.

AUC is required to determine the percentage of Title IV aid "earned" by the student and return the "unearned" portion to the appropriate federal aid programs.

AUC is required to perform this calculation within 30 days of the date the school determines that a student has completely withdrawn. The school must return the funds within 45 days of the calculation.

The following explains the formula used to determine the percentage of unearned aid to be returned to the federal government:

- The percent earned is equal to the number of calendar days completed up to the withdrawal date divided by the total number of calendar days in the payment period.
- The payment period for most students is the full, 16 weeks fall and spring semesters.
- The percent unearned is equal to 100 percent less the percent earned.
- Scheduled breaks of five days or more and days that the student was on an approved leave of absence are not included in the count of completed days and total days in the payment period.

Institutional scholarship funds are not subject to the R2T4 policy.

#### Official Withdrawal from the University

Degree seeking students who drop all their courses during a semester are requested to pass by the Office of the Registrar to activate their registration screens before the advising/registration period for the consecutive semester.

Students who wish to withdraw from the University for one semester or more due to illness or other emergency circumstances are requested to fill in a "Withdrawal Form" and submit it to the Office of the Registrar - forms are available at the Office of the Registrar and on the Registrar web page

[https://documents.aucegypt.edu/docs/students\\_registrar\\_forms/withdrawal-Jan2013-4-1.pdf](https://documents.aucegypt.edu/docs/students_registrar_forms/withdrawal-Jan2013-4-1.pdf)

Withdrawal grades "W" will be recorded for each course. No academic credit is given for courses from which students withdraw unless the withdrawal has taken place during the drop and add period in a semester and no academic credit is given for these courses.

Students who wish to return after an absence of one or more semesters may apply for readmission. Readmission is not granted automatically.

A withdrawal period is counted as part of the time period for the completion of the degree.

#### R2T4 Process

Information that is required in order to properly complete the R2T4 form:

- Amount of institutional charges for the payment period

- Number of days in the payment period and student's social security number
- Student's last date of attendance

The Registrar office determines the student's official withdrawal date. This date is known as the Date of Determination (DOD).

The Financial Aid Office determines the amount of Title IV aid originally awarded and whether it is "disbursed" or "could have been disbursed."

The Bursar Office Cairo provides the student's original tuition and fee and bookstore charges.

An R2T4 worksheet is completed using the above data by Bursar office NY.

The calendar for the payment period is confirmed with the Registrar office.

The Bursar Office NY will post the recalculated amount of aid for which the student is eligible (as per the results of the R2T4 worksheet) to his/her student account.

A copy of the worksheet is maintained in the Financial Aid Office and electronically scanned and made part of the student's record after the end of the semester.

A second copy of the worksheet is forwarded to the Bursar Office Cairo for the purposes of checking the accuracy of data entry and for student billing purposes.

AUC will return funds to the DOE through G5 on the student's behalf and will bill the student.

The student is notified in writing and the Financial Aid Office reports the amount as an overpayment.

The student is responsible for all AUC charges and federal overpayments resulting from an R2T4 calculation.

Student's Responsibility: Remaining unearned funds must be repaid by the student in accordance with the terms of the loans and conditions according to the promissory note.

#### Example of R2T4 Calculation

The Bursar's Office determines the percentage by dividing the number of calendar days completed (as of the official withdrawal date as determined by the Registrar) by the total calendar days in the period (excluding scheduled breaks of five days or more and days that the student was on an approved leave of absence).

Example:  $19 \text{ completed days} / 76 \text{ total days} = 25\% \text{ Title Aid Earned}$

The Bursar's Office determines the dollar amount of Title IV aid the student earned by multiplying the percentage of Title IV, HEA aid earned by the total of the Title IV aid disbursed plus the Title IV aid that could have been disbursed for the period of enrollment.

Example:  $25\% \times (\$1800 \text{ disbursed}) = \$450.00 \text{ Aid Earned}$

If this percentage is greater than 60%, the student earns 100% of the disbursed Title IV, HEA funds or aid that could have been disbursed.

If this percentage is less than 60%, then the percentage earned is equal to the calculated dollar amount earned.

Funds are returned to the appropriate federal program based on the Percentage of Aid Earned and the Order of Return dictated by the ED.

Aid to be returned is equal to (100% minus the Percent earned) multiplied by the amount of aid disbursed toward institutional charges. If a student earned less aid than was disbursed, the institution would be required to return a portion of the funds and the student may be required to return a portion of the funds. All Title IV fund returns must be completed no later than 45 calendar days after the date the Bursar/Financial Aid Office determines that the student withdrew.

When Title IV, HEA funds are returned, the student may owe a balance to the institution.

If a student withdraws before Title IV Direct Loan funds are disbursed

Even if a student paid all institutional charges and ceased enrollment prior to receiving a disbursement of Direct Loan Funds and provided that Direct Loan funds could have been disbursed to the student, the Financial Aid Office will determine the Title IV funds earned by the student and follow the procedures outlined in the regulations for making a post-withdrawal disbursement.

AUC will notify the student within 30 days of the DOD of their eligibility for a post-withdrawal disbursement. AUC will allow the student 21 days to respond; if no response is received then AUC will not make the post-withdrawal disbursement.

Determination of Withdrawal Date

The Registrar office determines as student's official withdrawal date no later than 30 days after the end of the semester in which the student withdrew. Federal regulations set the date used in the return calculation as either the last academic related activity or the 50% point of the term. The date it is determined that the student has withdrawn is known as the Date of Determination (DOD).

The Financial Aid Office provides all student borrowers with following notification of How Withdrawal Affects the Title IV Refunds:

**NOTICE TO STUDENT BORROWERS  
TREATMENT OF TITLE IV AID WHEN A STUDENT WITHDRAWS**

The U.S. Title IV regulations specify how AUC must determine the amount of Title IV program assistance that you earn if you withdraw from school. As a participating institution in the Title IV, Direct Loan and Direct PLUS Loan programs AUC policies conform to this law. The University Title IV Refund policy conforms to these regulations.

Though your aid is posted to your account at the start of each payment period/semester, you earn the funds as you complete the period. If you withdraw during your payment period/semester, the amount of the Direct Loan or Direct PLUS Loan that you have earned up to that point is determined by a specific formula. If you received or AUC received on your behalf, less assistance than the amount that you earned, you may be able to receive those additional funds. If you received more assistance than you earned, the school and/or you must return the excess funds.

The amount of assistance that you have earned is determined on a pro rata basis. For example, if you completed 30% of your payment period or period of enrollment, you earn 30% of the assistance you were originally scheduled to receive. Once you have completed more than 60% of the payment period or period of enrollment, you earn all the assistance that you were scheduled to receive for that period.

If you did not receive all of the funds that you earned, you may be due a post-withdrawal disbursement of a Direct Loan or Direct PLUS loan. AUC must obtain your permission before it can disburse a post-withdrawal disbursement and will notify you within 30 days of determining that you have withdrawn of the availability of a post-withdrawal loan disbursement. AUC must also obtain your permission before it can use the funds to pay for any non-institutional charges. You will be asked to provide this permission when it is determined that you are eligible for a Post Withdrawal

disbursement. You may choose to decline some or all of the loan funds so that you don't incur additional debt. However, it may be in your best interest to allow the school to keep the funds to reduce your debt at the school.

If you or AUC receives on your behalf excess Title IV program funds that must be returned, AUC must return a portion of the excess equal to the lesser of:

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

The school must return this amount even if it didn't keep this amount of your Title IV program funds. If your school is not required to return all of the excess funds, you must return the remaining amount. Any loan funds that you must return, you repay in accordance with the terms of your promissory note. That is, you make scheduled payments to the holder of the loan over a period of time.

The requirements for Title IV program funds when you withdraw are separate from any refund policy that your school may have. Therefore, you may still owe funds to the school to cover unpaid institutional charges. Your school may also charge you for any Title IV program funds that the school was required to return. If you do not already know your school's refund policy, you should ask your school for a copy. Your school can also provide you with the requirements and procedures for officially withdrawing from school.

If you have questions about your Title IV program funds, you 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](http://www.studentaid.ed.gov).

**Refunds made on behalf of financial aid recipients are distributed in the following order:**

Unsubsidized Direct Loan  
Subsidized Direct Loan  
Federal Grad Plus Direct Loan

When a Student Fails to Begin Attendance

If financial aid is processed for a student who never begins attendance in any class for which s/he registered in a term, all aid will be canceled.

When a Student Fails All Classes

If a financial aid recipient, who has not officially withdrawn, fails to receive a passing grade in at least one class during the term, the Financial Aid Office will determine whether the student actually established eligibility for the aid originally awarded.

Instructors will be contacted and asked to provide information on the student's attendance. If the student did not begin attendance, or stopped attending during the payment period, the financial aid originally awarded will be canceled or adjusted.

Information Regarding Loan Repayment

The R2T4 calculation may result in the student and parent's being responsible for directly returning additional loan amounts to the US Department of Education.

The loan grace period begins on the withdrawal date from the school, or when a student ceases to be enrolled on at least a halftime basis. If the student does not reenroll as a halftime student within 6 months of withdrawal or less than halftime enrollment, the loans enter repayment.

The student should contact the loan servicer or the US Department of Education to make repayment arrangements. The promissory note signed by the borrower outlines repayment obligations.

Consequences of Non-Repayment

Students who owe the US Department of Education for an overpayment of Title IV funds are not eligible for any additional federal financial aid until the overpayment is paid in full or payment arrangements are made with the US Department of Education.

Students who owe AUC because of an R2T4 calculation will be placed on a financial hold. They will not be allowed to register for subsequent semesters or receive academic transcripts until the balance is paid.

How a Withdrawal Affects Future Financial Aid Eligibility

Refer to the Financial Aid Office Satisfactory Academic Progress Policy to determine how a withdrawal impacts future aid eligibility.

**NOTE:** This policy is subject to revision without notice based on changes to federal laws and regulations or AUC policies. If changes are made, the student is held to the most current policy. This statement is intended to provide an overview of policies and procedures related to a complicated and very encompassing regulation. Additional information, including examples of R2T4 calculations, is available in the Financial Aid Office.

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**Forms/Instructions**

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**Related Information**

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**Appendices** *(optional)*

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**History/Revision Dates**

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Origination Date: April 2017  
Last Amended Date: July 2018  
Next Review Date: July 2019