

## **Federal Student Aid: Withdrawal, Leave of Absence and Return of Title IV Funds Policy**

### **Introduction:**

All Federal Student Aid is considered under the generic term 'Title IV funding': this is a reference to Title IV of the Higher Education Act of 1965 (HEA) which covers the administration of the United States federal student financial aid programs. This includes Direct Subsidized, Direct Unsubsidized and Graduate/Parent PLUS Loans administered through Birkbeck. Students in receipt of one or more of these types of funding are considered as 'Title IV-funded'.

Throughout their study Title IV-funded students are considered as 'earning' funding based on the time they are enrolled in each disbursement period. When a student ceases study (by either Withdrawing or taking a break in their studies) they also cease to earn these funds. US federal regulations state that when a Title IV-funded student ceases study an assessment must be done to determine the amount of funds that the student received but did not earn within the relevant period. All unearned funds must be returned to the US Department of Education – this is known as 'Return to Title IV' or 'R2T4'.

For R2T4 purposes, a Leave of Absence that lasts, or is expected to last, for more than 180 days or an unapproved Leave of Absence is also deemed to be a withdrawal.

This policy is to ensure Birkbeck is compliant with US Title IV Loans [Federal Regulations, 34 CFR 668.22 \(d\)](#), regarding the process for students withdrawing or requesting a Leave of Absence. Students wishing to apply for a Leave of Absence should refer to Birkbeck's [Break in Study Policy](#) in the first instance.

### **R2T4 assessment:**

Once a student has withdrawn an R2T4 calculation is performed. This R2T4 calculation is based upon the number of days the student attended minus any unscheduled leave that is 5 days or more, divided by the total number of days in the payment period.

The US Department of Education specify how Birkbeck assesses the amount of Title IV funding that has been 'earned' and 'unearned'. Funding is earned by remaining enrolled and attending classes. Birkbeck Registry is responsible for calculating R2T4 amounts and uses a procedure which is based on the R2T4 calculation formulae provided by the US Department of Education. These formulae take into consideration the start and end date

of the payment period, the end date of the student's study, the minimum time required to earn funding, the amount disbursed, and the different Title IV programs being used.

The start date of the payment period is the date that the funds were disbursed from the US Department of Education, usually the first day of each term. The end date of the payment period is the day before the next scheduled disbursement or, if all disbursements have been made, the end of the academic year. Where a student has received an additional disbursement outside of the dates registered with the US Department of Education they may be within two or more payment periods simultaneously – in this case an R2T4 calculation will be done for each payment period.

The end date of the student's study is the last recorded date of attendance or academic engagement on the course. Students are expected to maintain attendance in accordance with Birkbeck's academic regulations. Where a student is considered Withdrawn or Interrupts without an official notification (e.g. through lack of attendance), Birkbeck must make a determination within 14 days as to whether the student intends to return to their studies or withdraw. Except in unusual instances, the date of withdrawal used for R2T4 will normally be the date that is shown on the Birkbeck student records system (the last date of attendance) or no later than after 14 days, when it is determined whether the student intends to return to classes or to withdraw.

The minimum time required for students to earn the full Title IV funding is 60% of the payment period. Where enrolment is less than 60% of the payment period the amount of Title IV funding earned is calculated proportional to the actual percentage of enrolment, i.e. the number of calendar days completed up to the end date of study divided by the total number of days in the payment period:

Completed days/total days in payment period = percentage of enrolment

Title IV funding is earned in a specific order of the loan programs. This order is set by the US Department of Education and not by Birkbeck.

**Example R2T4 Calculation:**

If a student completes 25 days of a payment period which lasts 100 days, the calculation will be as follows:

$$25/100 = 25\%$$

Therefore, if \$10,000 of aid was disbursed for that period, the student would be entitled to 25% of that:

$$10000/100 \times 25 = 2500$$

\$2,500 is the amount of earned Title IV funding. The remaining \$7,500 is unearned and must be returned to the US Department of Education.

**Outcome of the R2T4 assessment:**

The calculation will determine how much of the Title IV funding the student received was earned and how much was unearned. Where the student received unearned funds the calculation will also determine the order in which the funds need to be returned to the relevant Title IV programs. The order of returned funds is as follows:

- Unsubsidised Direct Loan (up to the total net amount disbursed)
- Subsidised Direct Loan (up to the total net amount disbursed).
- Graduate Plus Direct Loan (up to the total net amount disbursed).
- Parent Plus loan (up to the total net amount disbursed).

Registry will notify the student of the outcome of the R2T4 assessment by email with 5 working days of completing the assessment.

If the student received more Title IV funds than were earned, these unearned funds must be returned:

- Registry will arrange with Birkbeck's Income Office and Finance Office to return the relevant portion of funds retained by Birkbeck for tuition fees to the US Department of Education. The US Department of Education require all funds to be returned within 45 days of the date Registry determines that a student has Withdrawn/Interrupted.
- The student is responsible for arranging the return to their loan servicer of the relevant portion of funds that were originally refunded to them by Birkbeck as part of their disbursements (if any). The loan servicer will contact the student regarding this once they have received notification of the students Withdrawal/Interruption through NSLDS (National Student Loan Data System).

**Post Withdrawal Disbursement:**

In cases where the amount of Title IV aid disbursed is less than the amount earned, a post withdrawal disbursement will be made. Where this is the outcome of the calculation, the student will be notified within 30 days of the last date of attendance. The student will have 14 days following this to respond to this notification and confirm whether or not they wish to receive the disbursement. Once the University has received confirmation from a student or parent that a post-withdrawal disbursement is to be made, any Credit Balance will be processed as soon as possible, and no later than 14 days after the R2T4 calculation has been completed. In the case of a late response the University will use their

discretion as to whether the disbursement is honoured. Disbursements by the University to a student/parent will be made no later than 180 days after the date of determination.

The student is not under any obligation to take a post-Withdrawal disbursement in order to avoid incurring additional student loan debt. Birkbeck may automatically use all of, or a portion of, any post-Withdrawal disbursement for any outstanding tuition fees. Birkbeck needs the student's permission to use the post-Withdrawal disbursement funds for any non-tuition fee charges (such as library fines).

**Please note:**

This policy does not affect the amount of tuition fees a student may be charged by Birkbeck upon Withdrawal/Interruption. This amount will be assessed according to Birkbeck's [Fees Policy](#).

As a consequence of Withdrawing/Interrupting during a disbursement period a student may owe money to Birkbeck for outstanding tuition fees, where the R2T4 amount has left a fee deficit.

**Approved Leaves of Absence**

A Leave of Absence is a temporary interruption in your course of study, which may also be referred to a break in studies. A student granted Approved Leave of Absence is not considered to have withdrawn, and no R2T4 calculation is usually required.

For US Title IV purposes, a Leave of Absence cannot exceed 180 days in any 12 month period and may have a serious impact on your Title IV Loan eligibility.

If you are in receipt of US Title IV Loans, a Leave of Absence must meet certain conditions to be counted as a temporary interruption to studies, instead of being counted as a withdrawal (which would require us to do an [R2T4 calculation](#)).

**Conditions required to meet US Federal Aid Loan rules**

According to [Federal Regulations, 34 CFR 668.22 \(d\)](#), the following criteria outlines the requirements to process an approved Leave of Absence:

1. The student must request the Leave of Absence (break in studies) by following the procedures outlined in Birkbeck's [Break in Study Policy](#). The US Loans administration team must be advised of your intentions, prior to your request for a Break in Studies.
2. There must be a reasonable expectation that the student will return from their Leave of Absence to continue their studies at Birkbeck.
3. The institution may not assess the student for any additional institutional charges, the student's need may not increase, and therefore, the student is not eligible for any additional Title IV aid

4. The Leave of Absence, together with any additional leaves of absence, must not exceed a total of 180 days in any 12-month period
5. The student must apply in advance for a Leave of Absence, unless unforeseen circumstances prevent them from doing so (i.e. an unexpected injury or accident).
6. A student returning from a Leave of Absence must resume their studies at the same point in the academic program that he or she began it.

In accordance with item 6, on a taught programme of study it is not possible for a student to take a Leave of Absence of less than 180 days and return to the course at the same point in the academic programme. **A student may therefore only apply for an Approved Leave of Absence if they are on a Postgraduate Research programme. Any other student including all Undergraduate and taught master's students will not be eligible to take an Approved Leave of Absence and a break in studies will be considered as a withdrawal for Federal Aid purposes.**

If a student takes an Approved Leave of Absence from their studies then any further loan disbursements will be put on hold for the duration of the absence. Please note that these payments will not be paid retrospectively once the student returns to their studies.

### **Requesting an Approved Leave of Absence**

In addition to the general procedure for requesting a [Break in Studies](#), a student who wishes for their Leave of Absence to be considered an Approved Leave of Absence for the purposes of their Title IV aid must contact the US Loans Administration team prior to the start of the Leave of Absence.

Requests should be emailed to [usloans@bbk.ac.uk](mailto:usloans@bbk.ac.uk) and include the reason for the request as well as the intended period of the Leave of Absence. Once your request has been reviewed and has been deemed to meet the criteria in the section above, you will receive an email from the US Loans Administration team confirming the approval of your Leave of Absence and explaining how the Leave of Absence will be applied. It will also inform you of your loan obligations, amendments, deferment options and consequences of failure to return. These may impact your loan repayment terms, including the use of some or all of your loans grace period (you can check this with your loan servicer). You will also be informed of the financial consequences if you fail to return from a Leave of Absence.

You should wait to receive this email before requesting a Break in Studies via your My Birkbeck profile.

### **Authorised Absence**

Students who are sponsored for a Student Visa may be permitted to take an Authorised Absence of up to 60 days, as outlined in point 12 of Birkbeck's [International Student](#)

[Engagement and Attendance Policy](#). For US Title IV purposes, this will be considered as a Leave of Absence or Withdrawal, and students should follow the relevant procedures outlined in this policy should they wish to take an Authorised Absence.

### **Impact of a Leave of Absence on your Title IV Loans**

If you are taking a Leave of Absence or withdrawing from Birkbeck, you are advised to be aware of the impact this may have on your Title IV Loans.

If a student takes an Approved Leave of Absence but fails to return within the agreed timeframe, then for the purposes of US Federal Student Aid processes the student is deemed to have withdrawn from their programme, retrospectively, from the first day of the Leave of Absence. Please note that this does not affect your enrolment status at Birkbeck

### **Approved Leave of Absence – 180 days (6 months) or less**

- Title IV Disbursements will not be made during a Leave of Absence.
- Your Title IV loans will enter into their grace period. Title IV loans have a 6 month grace period (you are advised to check this with your individual loan servicer(s)).
- During a grace period, you are not required to make repayments on your Title IV loans.
- If you return to your studies at Birkbeck (registered as at least half time or more in attendance) within the grace period, your Title IV loans will change to an “in School” deferment status. You are not required to make repayments on your Title IV Loans with this status.

### **Leave of Absence – greater than 180 days (6 months) or a withdrawal of studies**

- Title IV Disbursements will not be made following a Withdrawal, and a Return to Title IV ([R2T4 calculation](#)) will be made.
- Title IV loans will enter repayment.
- If you are unable to make repayments, you are advised to contact your loan servicer(s) to determine if you qualify for a deferment or forbearance to postpone repayments. If you do not qualify for a deferment or forbearance, then you may be eligible to have your monthly payment amount reduced based on different repayment plans.
- You can find out who your loan servicer is from [Federal Student Aid “In Repayment”](#)

### **Grace Periods**

- You only qualify for one grace period per Title IV loan. Once the grace period has been exhausted, you must make payments unless you have been approved for a deferment or forbearance.

- You are given a 6 month grace period on most types of Title IV loans starting from the date enrolment ceases or is less than half time. During this time, lenders will treat your loans as if you are still enrolled full-time at University.
- Once a grace period has expired, it will not be given again. At the end of the 6 months grace period, you will be required to enter repayment on your Title IV loans until you return to studies. However, deferment or forbearance options may still be available to you if you made a request for this to be considered to your lender.