

US Federal Loans: Return to Title IV (R2T4) Policy

Title IV funds are awarded to a student on the assumption that they will attend School for the entire period for which the loans are awarded. If a student withdraws from their programme, this may affect the amount of funds for which they are eligible. The School must calculate whether any 'unearned' funds must be returned to the US Department of Education. This is called a **Return to Title IV (R2T4)** calculation.

This policy sets out how the School will determine the amount of Title IV funds that students earn if they withdraw from their programme. For R2T4 purposes, an approved Interruption of Studies is also deemed to be a withdrawal.

This policy applies only to students in receipt of Title IV loans. It should be read in conjunction with the [Academic Regulations](#) and the Terms and Conditions, in particular any clauses on Tuition Fee liability.

The policy will enable students to:

- Determine the financial consequences of withdrawal.
- Estimate how much Title IV Federal Student Aid they will retain, and how much they may have to repay upon withdrawal.
- Understand how the R2T4 requirements interact with the School's Terms and Conditions.
- Understand how the School might adjust any balance due as a result of an RT24 calculation.
- Understand that following a withdrawal, payments which were previously paid by Title IV funds may become a liability to the School, which they will be responsible for paying.

1. Withdrawal from London Business School

Withdrawals may occur in the following circumstances:

- A student chooses to withdraw from their programme
- A withdrawal is imposed under one of the School's policies
- Due to academic failure or misconduct

For R2T4 purposes, the date of withdrawal is determined by the last date of attendance, as recorded in SEATs.

2. Unofficial withdrawals

An unofficial withdrawal occurs when students cease to attend but do not officially notify the School of their intention to withdraw. For R2T4 purposes, the date of withdrawal is determined by the last date of attendance, as recorded in SEATs.

3. Calculation of Earned Funds

When a student withdraws, the Financial Aid team will calculate the amount Title IV Federal Student Aid that has been earned up to the point of withdrawal.

The amount of Title IV Federal Student Aid that students have earned is determined on a pro-rata basis for the relevant payment period. For example, if a student completes 30% of the payment period, they will have earned 30% of their funding.

If student complete **more than 60% of the payment period**, they are considered to have earned all eligible funds in this period, and no funds will need to be returned.

The School calculates the amount of funding that has been earned, using the following formula:

$\text{Number of study days completed} / \text{Max number of study days in payment period} = \text{Amount of loan funds earned}$
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The payment periods align with the 3x academic terms – Autumn, Spring, and Summer.

4. Returning Funds

If the student received (or the School received on their behalf) **more funding than the amount of Title IV funds earned for the payment period**, excess funds must be returned to the Department of Education.

Unearned funds must be returned to the Department of Education in the following order:

1. Unsubsidized Direct loans
2. PLUS and Grad PLUS loans

The Accounts team will arrange the transfer of unearned funds to the US Department of Education within 45 days of the date of withdrawal.

5. Returning funds in excess of the School's portion

The School will return, on the student's behalf, its portion of the unearned funds. This is calculated as an amount equal to **the lesser of**:

1. Tuition Fees incurred over the payment period, multiplied by the unearned percentage of Title IV funds or
2. The entire amount of excess funds

If the amount which needs to be returned exceeds the School's portion, **the student must repay the balance** in accordance with the terms of their promissory note.

6. Debit Balance

If an R2T4 calculation results in a **debit balance** on the students account, this must be repaid to the School.

7. Credit Balance

If an R2T4 calculation results in a **credit balance** of Title IV funds on the student's account, this will be disbursed to the student at the earliest opportunity, and no later than 14 days from the date of withdrawal.

8. Post-withdrawal Disbursements

If the student received (or the School received on their behalf) **less funding than the amount of Title IV funds earned for the payment period**, they may receive the remaining earned funds as a post-withdrawal disbursement.

A post-withdrawal disbursement can only take place with the student's consent. If this applies, the School will offer post-withdrawal disbursement to the student within 30 days of the withdrawal date. The student must provide their consent within 14 days of receiving the notification, otherwise it will be assumed that they have declined the post-withdrawal disbursement.

The student may choose to decline some or all of the loan funds offered as a post-withdrawal disbursement.

9. Tuition Fee Liability

The requirements for the return of Title IV funds post-withdrawal are separate and independent from the School's refund policy. The student will remain liable to pay the tuition fees, in accordance with the Terms & Conditions.

10. Communicating with students on the Return of Title IV funds

The Financial Aid will inform students of result of their R2T4 calculation, the details of any return of funds that may be necessary, and the timing and process for doing so.

Unless otherwise agreed, communication will be via email to the personal email address on file.

Version Log

Version	Date	Updates
v3.1	October 2025	Removal of periodic review cycle