

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

US federal law relating to US Federal Loans specifies that if a student withdraws from their programme of study, London Business School must complete a **Return to Title IV (R2T4) calculation** and arrange for any 'unearned' loan funds to be returned to the US Department of Education.

This policy covers the requirements regarding the treatment of Title IV funds when a student withdraws or takes an approved Interruption of Studies. For R2T4 purposes, an approved Interruption of Studies is deemed to be a withdrawal.

This R2T4 policy should be read in conjunction with the Academic Regulations and the Terms and Conditions, in particular any clauses on Tuition Fee liability.

The policy should enable students to:

- Determine the financial consequences of withdrawing.
- Estimate how much Title IV Federal Student Aid they will retain, and how much they may have to repay upon withdrawing.
- Understand how the Return to Title IV requirements interact with the School's Terms and Conditions.
- Understand how the School might adjust any balance due by the student to take into account a Return of Title IV funds the School might be required to make.
- Understand that following a withdrawal, payments that were previously paid by Title IV funds might become a debt that they will be responsible for paying.

### 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.

### Unofficial withdrawals

An unofficial withdrawal occurs when a student ceases to attend but has not officially notified the School of their intention to withdraw.

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

### Treatment of Title IV funds when a student withdraws

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 based on the relevant payment period. For example, if a student completes 30% of the payment period, they will have earned 30% of their funding.

If a student has completed **more than 60% of the payment period**, they are considered to have earned all funds due for disbursement in this period and no funds will need to be returned.

We will calculate the amount of funding that has been earned, using the following formula:

$$\text{Number of study days completed} / \text{Max number of study days in payment period} = \text{Amount of loan funds earned}$$

The payment periods for most programmes are:

- 01 August – 31 December
- 01 January – 31 July

### **Returning Funds**

If the student has received (or London Business School received on their behalf) more funding than the amount of Title IV funds earned for the payment period, 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.

### **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.

### **Debit Balance**

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

### **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.

### **Post-withdrawal Disbursements**

If the student received (or London Business School received on the student's 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 consent for this withdrawal within 14 days of receiving the notification.

The student may choose to decline some or all of the loan funds offered as a post-withdrawal disbursement, so they do not incur additional debt.

### **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.

### **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 student's official LBS email account.