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Return of Title IV Funds Policy

IDI provides students with these policies on returning Title IV funds; you may also find it on our website. In accordance with federal regulations, students who decide to withdraw must have the Office of Financial Aid perform a Title IV calculation of return of funds. This calculation determines the amount of earned versus unearned aid the student is allowed to retain. If the student withdraws prior to completing 60% of the term, the student would owe to the school any unearned aid. The school, in turn, would need to send back to the Dept. of Education this unearned aid on behalf of the student. This would create a balance due with the school. The student must therefore meet with the Business Office to discuss payment arrangements on this balance due.

Title IV calculation-R2T4

The R2T4 is based on the number of days a student has completed versus the number of days the student did not complete. As stated above, if the student completes beyond 60% of the course schedule, there is no need to return any funds and the student has earned 100% of the federal financial aid borrowed. For clarification, unearned aid is equal to days not completed and earned aid is equal to days the student completed in the term. Also, the school uses the last date of attendance for the calculation of the return of funds. Students who officially withdraw from the school shall complete and submit the Withdraw Form. The school considers a student to be officially withdrawn after 3 consecutive or non-consecutive missed class sessions. The school considers a student to be unofficially withdrawn if they do not return from an approved Leave of Absence.

Calculating the amount earned

The amount earned is based on the percentage of the term that was completed in days up to and including the last date of attendance. To calculate the amount earned, the school will determine the percentage by dividing the number of calendar days completed in the term by the total number of days in the term. If there is a scheduled break of five or more days, it will reduce the term length. If the scheduled break is before the student's last day of attendance, it will also decrease the calendar days completed.

For example, John Smith withdraws after 30 days of attendance in the fall term which has a total of 117 days; we would divide 30 by 117 for 26% of earned aid. The remaining portion of unearned aid would be returned to the Dept. of Education. This would be calculated by 100% minus 26% or 74% returned as unearned aid.

We use both the Common Origination & Disbursement (COD) calculation and RGM, the Financial Aid System to determine the amount of aid to be returned. The student shall receive a copy of one of the calculation worksheets for their own records.

Fund distribution

After a refund is calculated, the funds returned will be distributed in accordance with federal regulations in the following order, first to the Unsubsidized Stafford Loan and second to the Subsidized Loan, third to the Parent Plus Loan, and lastly to the Pell Grant. The funds will be returned to the original source within 45 (forty-five) calendar days of the date the school determined the student has withdrawn. The school uses the federal guidelines regarding the timeframe of returning the funds. For students who are required to return Title IV aid, in addition to the portion of aid the school is required to return, there is a 50% protection allowance on unearned Title IV student grants only. All Loans need to be **repaid** in full.

Return of Title IV Funds Policy-continued

Conditions of return of funds

Students may have various reasons for withdrawing from school. The Withdraw Form used by IDI has several reasons listed. When the student expresses a condition of withdrawal, the school must perform the R2T4 as stated under the "Calculating the amount earned" above. All funding would be returned according to the calculation.

Post-withdraw disbursement

A student who withdraws may be eligible for post-withdraw disbursement when the student receives less Title IV aid than the amount earned. The school must offer a disbursement of earned aid that was not received by the student or parent. If the student withdraws after the 60% point of return, even though a R2T4 is not required, a school may have to complete the R2T4 calculation to determine if the student is eligible for a post-withdraw disbursement. The school will mail the check to the student's current address. The school is required to disburse the check within 45 days, if not sooner. If the student returns to school and wants the disbursement to remain on the student's account, they must authorize a credit on the student account.

Since the return of funds is a federal mandated process, students on financial aid who withdraw for the term may owe a balance to the school after the calculation is performed. Students should speak to the Financial Aid Administrator to gain more insight into the R2T4 calculation prior to making a decision to withdraw. A copy of the R2T4 calculation will be provided for the student. Students who decide to withdraw are **required** to discuss options with Renee Robles in the Office of Financial Aid and must submit the Withdraw form.

The school is required to provide the student with an Exit packet. This Exit packet will review the student's loan history and provide the student with detailed information on who to contact for loan repayment. The Exit packet will be mailed out to the student's last known mailing address or email address on file. Therefore, it is important to provide the correct address and email on the Withdraw Form. As always, the student may request a one-on-one counseling appointment to discuss the R2T4 or repayment options with the Office of Financial Aid Administrator, Renee Robles. The appointments may be set up via phone at 949-675-4451 or email at renee@idi.edu.