

Return of Title IV (R2T4) Policy

US Federal Student Aid Return of Title IV Regulations state how McMaster University should determine the amount of Title IV program assistance that a student earns if they withdraw from school. Title IV funds are awarded to a student with the assumption that the student will attend school for the entire period for which the assistance is awarded. When a student ceases attendance prior to the planned end date, the student may not be eligible for the full amount of Title IV funds the student was scheduled to receive.

Students earn Title IV funds equal to the amount of attendance in a payment period (PP). When students withdraw during the payment period ([Course Cancellation Schedule](#)) the amount of Title IV program assistance that a student has earned up to that point is determined by a specific formula.

- If McMaster has disbursed more funds than the student has earned, Title IV funds must be returned to the Department of Education (DOE) by McMaster and/or student
- If McMaster University has disbursed less Title IV funds than the student has earned, a post-withdrawal disbursement (PWD) will be calculated and must be offered to the student (or parent)
- After the student completes more than 60% of the PP the student has earned 100% of his/her Title IV funds
- McMaster University's [refund policy](#) does not impact the amount of Title IV funds earned under a R2T4 calculation

Failure to Begin Attendance

If McMaster cannot document that a student started attendance for the PP, the student is not an eligible student for Title IV funds for that period.

- Direct Loan (DL) funds credited to the student's account must be returned to DOE
- For DL funds disbursed directly to the student:
 - McMaster University may choose to return the funds itself; or
 - The DL servicer will be notified, and the funds immediately repaid by the student

Definitions and Ground Rules for R2T4

- *Withdrawal date*: The date that a student stopped attendance at McMaster University
- *Date of determination*: The date McMaster University determined that the student stopped attendance
- The R2T4 requirements do not apply if a student:
 - Withdraws from some, but not all, of his/her coursework (e.g. dropping one of four classes during a semester)

- Completes the period by receiving a passing grade at the end of the last class that he/she was scheduled to attend
- Rounding Rules: Dollar Amounts and Percentages
 - Round to the nearest penny and disbursement or refund may be rounded to the nearest dollar
 - Calculate out to 4 decimal places and round to third decimal place

How R2T4 is Calculated at McMaster

1. The Office of the Registrar, Aid & Awards, determines the net amounts of Title IV aid for which a student was eligible at the time of the withdrawal, including amounts disbursed and amounts that could have been disbursed
2. Aid & Awards calculates the percentage of the period that was completed. If greater than 60%, the student earned 100% for the period (Number of days attended (completed) in the period X Total number of days in the period)
 - i. Institutionally scheduled breaks of 5 or more consecutive days are excluded from both the numerator and the denominator of the R2T4 calculation.
 - ii. Breaks of less than 5 consecutive days are included in the R2T4 calculation
3. The percentage completed is multiplied by the total amount of Title IV aid for which the student was eligible (% of Title IV Aid Earned X Total Title IV Aid Disbursed)
 - i. If the amount earned is less than the amount disbursed, a return to the DOE is required.
 - ii. If the amount earned is greater than the amount disbursed, a PWD is required.
4. If a return is required, Aid & Awards will determine the amount of unearned Title IV aid McMaster University is responsible for returning. The amount of funds due from McMaster University is calculated by adding all the institutional charges (tuition and essential supplementary fees) incurred by the withdrawal date, then multiplying that total by the percentage of the period the student did not complete.
 - i. Once Aid & Awards determines the total amount of unearned Title IV aid that must be returned to the DOE, Aid & Awards must return funds in accordance with federal regulations, when financial aid is involved, funds are allocated to the aid programs in the following order:
 1. Unsubsidized Federal Direct Loan (Direct Loan)
 2. Subsidized Federal Direct Loan (Direct Loan)
 3. Federal Parent/Grad PLUS Loan
5. Once Aid & Awards has determined the amounts of each type of unearned Title IV aid that it must return, any remaining unearned funds that were disbursed are the responsibility of the student

- i. Remaining unearned Title IV loan funds (e.g. Direct Loans) must be repaid by the student in accordance with the terms of the loans. No further action by the Aid & Awards is required for these unearned funds

Outcomes of an R2T4 Calculation

1. If the amount of Title IV funds disbursed exceeded amount earned, funds must be returned to the Department of Education (DOE)
 - Returns may be required of the school or the student
 - Aid & Awards must return the Title IV funds it has responsibility to return as soon as possible, but no later than 45 days after the date of determination
 - A return is completed on the date that the institution:
 - Deposits or transfers the funds into the school's federal funds bank account, and then awards and disburses the funds to another eligible student; or
 - Returns the funds to the Department electronically using the "Refund" function in G5
 - The student is obligated to return any Title IV overpayment in the same order that is required for schools
 - Aid & Awards will notify the student within 30 days of the date of determination that the student must repay the overpayment or make satisfactory arrangements to repay it
 - The student is responsible for the return of refunded Title IV funds for which the student was determined to be ineligible (to the Title IV loan program) within 45 days after notice from the University of an overpayment. Failure to return funds as required will result in the loss of eligibility for federal student aid.
2. If the amount of Title IV funds disbursed was less than amount earned, a post-withdrawal disbursement must be offered to the student (or parent)
3. If the amount of Title IV funds disbursed equals amount earned, no further action is necessary

McMaster University does not take attendance. It is expected that students receiving Title IV aid will attend all classes, seminars, tutorials, and laboratory sessions in which they are enrolled. Participation in seminars, tutorials, and laboratories may, at the instructor's discretion, count in determining the final grade. A student's withdrawal date is the date the student begins [McMaster University's withdrawal process](#).

If a completed withdrawal form is not submitted to the Registrar's Office, this is considered an unofficial withdrawal and the withdrawal date is:

- Mid-point of the term
- Date of illness, accident, etc.; or

- Last date of an academically related activity

In the case of an unofficial withdrawal from the University in which it is determined that the student did not attend any of the classes for the courses in which they were registered, the Aid & Awards Office will return all of the student's loan proceeds to the US Department of Education.

If a student has a grade of "F" recorded on the transcript for all courses in which he or she enrolled, Aid & Awards will verify with the Registrar's Office if the grade was earned or if the student unofficially withdrew. If it is determined that the student unofficially withdrew, then the student's withdrawal date would be determined as detailed above (mid-point of term, last date of academic-related activity, etc.).

Post-withdrawal disbursement

If the student/parent did not receive all the funds that earned, a post-withdrawal disbursement may be required. If the post-withdrawal disbursement includes loan funds -

- We must obtain the student's permission before disbursement. The student may choose to decline some or all the loan funds to avoid additional debt load
- We may automatically use all or a portion of your post-withdrawal disbursement (including loan funds, if you accept them) for tuition, fees, and room and board charges (as contracted with the school). For all other school charges, we will require the student's permission to use a post-withdrawal disbursement. If you do not give your written permission, you will be offered the funds.
- For post-withdrawal disbursements of Parent PLUS Loans, notification will be made through the student, and the response to accept or decline all or a portion of the post-withdrawal disbursement must be made by the parent in writing. Parents should note that any post-withdrawal disbursements that they accept will still be disbursed to the student's McMaster Student Account. Aid & Awards will not issue any post-withdrawal disbursement of loan funds if students and parents fail to respond within the required 14 days.

Students may not be eligible for any or all their Title IV funding. For example, first-time, first-year undergraduate students who have not completed the first 30 days of their program before the date of their withdrawal, will not receive any Direct loan funds (first year students must remain enrolled past the 30th day).

Where students receive (or the school receives on behalf of the student) excess Title IV program funds that must be returned, McMaster University must return a portion of the excess equal to the lesser of:

1. Institutional charges (Tuition and Essential Supplementary Fees) multiplied by the unearned percentage of your funds, or
2. The entire amount of excess funds.

McMaster must return this amount even if we didn't keep this amount of your Title IV program funds. If McMaster University is not required to return all the excess funds, the student is required to return the remaining amount. Any loan funds that a student must return (or the student's parent for a PLUS Loan) must be repaid in accordance with the terms of the

promissory note. That is, scheduled payments to the holder of the loan over the period of the loan(s) must be made.

The requirements for Title IV program funds are separate from McMaster University's refund policy. Students will be directed to review their student account balances and will be provided with information about making payments towards outstanding charges, late fees and interest charges. We will also advise them about any additional charges related to McMaster's requirement to return their Title IV program funds.

Responsibilities

McMaster University is responsible for:

Within 30 days, the institution must:

- Perform the R2T4 calculation
- Notify the student of eligibility for a post-withdrawal disbursement (PWD) of loan funds

Within 45 days, the institution must:

- Return the Title IV funds it has responsibility to return

Within 180 days, an institution must:

- Make any PWD of DL funds

Students are responsible for:

- Notifying the Office of the Registrar, Student Services, immediately, in writing, of their withdrawal or course load reduction
- Repaying the full amount of their "unearned" loan(s) to the loan holder. This repayment must be done in accordance with the terms of the loan noted in the signed [Master](#)
- [Promissory Note](#).
- Resolving any outstanding balance owed to McMaster University resulting from a required return of unearned Title IV Aid

Consumer Information

McMaster Refund Policy

<https://registrar.mcmaster.ca/fees/>

Requirements for the treatment of Title IV funds after withdrawal

[Return of Title IV \(R2T4\) Policy](#)

Requirements and procedures for officially withdrawing from the school