



HAMPDEN-SYDNEY COLLEGE

Return of Title IV Funds

The Financial Aid Office is required by federal regulations to recalculate Title IV (federal) financial aid eligibility for a student who withdraws from all classes, drop outs (categorized as an unofficial withdrawal), is dismissed, or takes a leave of absence prior to completing 60% of a semester. Additionally, if a student fails to earn a passing grade in any of their classes in a given semester, Hampden-Sydney is required to determine whether the student unofficially withdrew from the College. If it is determined that the student unofficially withdrew and therefore did not complete any of his classes for the semester, this Return of Title IV Funds Policy will apply.

If a student begins the official withdrawal process or provides official notification to the Dean of Student's Office of his intent to withdraw, the date of the institution's determination that the student withdrew would be the date the student began the official withdrawal process, or the date of the student's notification, whichever is later. If a student gives no official notification, Hampden-Sydney College has the option of using the midpoint of the semester or a withdrawal date documented with the student's attendance at an academically related activity.

The amount of aid earned is calculated on a pro rata basis through 60 percent of the semester. The amount of unearned Title IV aid is returned to various federal aid programs in this specified order: Federal Stafford Loan, Federal Perkins Loan, Federal PLUS Loan, Federal Pell Grant, Federal Supplemental Educational Opportunity Grant, TEACH Grant, Iraq and Afghanistan Service Grant, and other Title IV programs. After 60 percent of the semester has been completed, all Title IV funds a student was scheduled to receive are considered 100% earned.

If a student did not receive funds that were earned, he may be due a post-withdrawal disbursement. If the post-withdrawal disbursement includes loan funds, Hampden-Sydney College must obtain permission from the student before it can disburse them. The student may choose to decline some or all of the loan funds to limit additional debt. The student is given fourteen days to make a decision about the loan funds. Hampden-Sydney will automatically use all or a portion of a student's post-withdrawal disbursement of grant funds for tuition, fees, room and board charges.

It is possible for students whose accounts were paid in full at the start of a semester to owe payment for the balance of charges after the return of Title IV funds is completed. The requirements for Title IV program funds when a student withdraws are separate from Hampden-Sydney's tuition and fees refund policy (refer to "Return of Fees" section in the Academic Catalogue).

Before a student takes any action to withdraw, it would be beneficial to learn the refund policy the Business Office will use as well as the implications of any Return of Title IV Funds calculations. An example of a Return of Title IV Funds calculation begins on the next page. Any questions concerning this issue should be addressed to the Financial Aid Office. All questions concerning final resolution of the account balance should be addressed to the Business Office.

Return of Federal Title IV Funds Calculation

The following steps are completed in order to determine if any return of funds is required.

- 1) Determine the percentage of Federal Title IV aid the student has earned:
Divide the number of days the student completed by the total number of days in the semester
- 2) Determine the amount of Federal Title IV aid earned:
Multiply the percentage of aid earned (step 1 above) by the amount of Federal Title IV aid the student received for the semester
- 3) Determine the difference between the amount of Federal Title IV aid the student received for the term and the amount of Title IV aid the student earned. If the amount of Title IV aid earned is less than the amount of Title IV aid the student received, then a return of funds calculation will be necessary. However, if 60% or more of aid is earned, the student is considered to have earned 100% of their Title IV aid according to federal regulations. If the amount of Title IV aid earned is more than the amount of Title IV aid the student was eligible to receive, he may be due a post-withdrawal disbursement (see page 1, paragraph 4).
- 4) Determine if a return of Federal Title IV funds is required. If a return of Title IV funds calculation is necessary, Hampden-Sydney must return the amount of Title IV funds for which it is responsible no later than 45 days after the date of the determination of the date of the student's withdrawal. Refunds are allocated in the following order:
 - a) Unsubsidized Federal Direct Stafford Loan
 - b) Subsidized Federal Direct Stafford Loan
 - c) Federal Perkins Loan
 - d) Federal Direct PLUS (parent) Loan
 - e) Federal Pell Grant
 - f) Federal Supplemental Educational Opportunity Grant
 - g) TEACH Grant
 - h) Iraq Afghanistan Service Grant

Scenario

Tony Tiger enrolled for the spring semester as a full-time student. The Business Office applied tuition, room, and board charges of \$27,401 and fees of \$941 to his tuition account. Therefore, Tony had a balance due (before considering any financial aid eligibility) for the spring semester of \$28,342. Based on the Free Application for Federal Student Aid (FAFSA), Tony was awarded the following aid for the spring semester:

Financial Aid Award

\$1,732	Federal Subsidized Direct Stafford Loan*
\$990	Federal Unsubsidized Direct Stafford Loan*
\$6,400	Hampden-Sydney College Grant
\$9,000	President's Scholarship
\$1,650	Virginia Tuition Assistance Grant
\$8,640	Federal Direct PLUS Loan*
\$28,412	Total

- * Federal Direct Loan amounts listed above for both Stafford Loans and PLUS Loan are the net amounts after federal fees are deducted since these amounts are what are deducted from the tuition account. Stafford Loans have a 1.069% fee and PLUS Loans have a 4.276% fee.

At the beginning of the semester, Tony is due a refund, because he owed \$28,342 but received \$28,412 in financial assistance. Therefore, once the aid is applied to his account, Tony has a credit of \$70. Federal and State Regulations require that the student use the refund to pay for educationally-related expenses only.

Eight weeks into the semester, Tony resigns for personal reasons. His withdrawal date is March 5.

Date of Withdrawal:

- Calendar Days in Spring Semester = 104 days (1/17/18 - 5/9/18 minus Spring Break)
- Calendar Days Attended (prior to date of withdrawal) = 48 days
- Percentage of Semester Attended = 48 days ÷ 104 days = 46%

Earned Aid:

- Percentage of Title IV Aid Earned Based on Date of Withdrawal = 46%
- Amount of Title IV Aid Earned = \$11,363 (aid indicated on previous page as Federal) x 46% = \$5,227

Unearned Aid:

- Amount of Title IV Aid Unearned = \$11,363 (total aid) - \$5,227 (aid earned) = \$6,136

Aid changes to be made by Financial Aid

Based on the student's financial assistance and withdrawal date, Financial Aid would return the following unearned aid:

Federal Title IV Funds

- \$990 Federal Direct Unsubsidized Stafford Loan
- \$1,732 Federal Direct Subsidized Stafford Loan
- \$3,414 Federal Direct PLUS Loan

In this example, the actions taken by the Financial Aid Office and Business Office result in Tony owing Hampden-Sydney.

Example Summary

Account balance as of March 5 th	Student does not owe any money	\$0
Financial Aid reduces Federal Title IV aid	Student loses \$6,136 in loans	\$6,136
Business Office prorates meal plan	\$3,704 divided by .50	\$1,852
Updated student account balance	\$6,136 - \$1,852	\$4,284
	Student now owes Hampden-Sydney	\$4,284

NOTE: At the time of Tony's withdrawal, he is presented with a copy of the Return of Title IV Funds policy. Following the Return of Title IV Funds calculation, Tony is formally notified of the amount of aid earned and the amount of aid to be returned. Adjustments to Title IV aid are provided electronically to the Department of Education and to the Business Office no later than 45 days after the date of the determination of the date of the student's withdrawal.

It is also important to note in the calculation scenario above that Tony's loans are being reduced by the Title IV Funds calculation which will result in less overall debt he will owe in repayment.