



MLC R2T4 (Return to Title IV) Policy

Federal regulations require Title IV financial aid funds be awarded under the assumption that a student will attend the institution for the entire period in which federal assistance was awarded. When a student withdraws from courses for any reason, including medical reasons, he/she may no longer be eligible for the full amount of Title IV funds that he/she was originally scheduled to receive. Martin Luther College (MLC) students who receive federal financial aid and do not complete their classes during a semester or term could be responsible for repaying a portion of the aid they received. Students who do not begin attendance must repay all financial aid disbursed for the term. All Title IV funds must be returned to the Department within **45 days of the determination** that the student withdrew.

We encourage students to read all the information below prior to making a decision to withdraw.

Determination of Last Date of Attendance Policy

1. For financial aid purposes there are two types of withdrawals: Official and Unofficial.
 - a. Official withdrawal - leaving MLC by dropping all classes for the term or by going through the formal withdrawal from college process.
 - b. Unofficial withdrawal - the student discontinues class attendance without going through the formal withdrawal from college process.
2. Since MLC is a required attendance institution, the last date of attendance (for both official and unofficial withdrawals) is determined by the date the student last attended any class.

Leave of Absence Policy

1. Current students in good academic and citizenship standing may request a leave absence to pursue various experiences. These students are automatically enrolled when they return and do not need to reapply for admission. The maximum length of a leave of absence is one year. While leave of absence means the student upon return is automatically enrolled at MLC, the leave of absence does not apply to financial aid policies and regulations. An application for a leave of absence is available from the appropriate academic dean.



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Post Withdrawal Disbursements

1. If the student did not receive all of the funds that were earned, they may be due a Post-withdrawal disbursement. If the student's Post-withdrawal disbursement includes loan funds, MLC must get the student's permission before it can disburse them. The student may choose to decline some or all of the loan funds so that they do not incur additional debt.
 - a. The student's school may automatically use all or a portion of the student's Post-withdrawal disbursement of grant funds for tuition, fees, and room and board charges (as contracted with MLC).
 - b. MLC needs the student's permission to use the Post-withdrawal grant disbursement for school charges other than tuition, fees and room and board. If the student does not give permission, they will be offered the funds as a refund.
 - c. MLC will return any Pell funds within **45 days of the determination that the student withdrew and return any Title IV loan funds within 180 days.**

How the Unearned Financial Aid is Calculated

1. Students who receive federal financial aid must "earn" the aid they receive by staying enrolled in classes. The amount of federal financial aid assistance the student earns is on a pro-rated basis. Students who withdraw or do not complete all registered classes during the semester may be required to return some of the financial aid they were awarded based on the Return of Title IV (R2T4) Calculation. **Once 60% of the semester is completed, a student is considered to have earned all of his/her financial aid and will not be required to return any federal funds.**
2. The following formula is used to determine the percentage of unearned aid that has to be returned to the federal government:
 - a. The **percent earned** is equal to the number of calendar days completed up to the withdrawal date, divided by the total calendar days in the payment period (less any scheduled breaks that are at least 5 days long)
 - b. The **payment period** for most students is the entire semester. However, for students enrolled in modules (courses which are not scheduled for the entire semester or term), the payment period only includes those days for the module(s) in which the student is registered.
 - c. The **percent unearned** is equal to 100 percent minus the percent earned
 - d. Institutional funds are earned and recalculated based on the pro-rated policy as described for federal financial aid funds. Tuition/fee refunds also affect the recalculation of institutional financial aid.



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MLC Responsibility for Returning Unearned Aid

1. MLC will return all unearned funds back to the aid program and the student will be responsible for any balance this creates.

Student Responsibility for Returning Unearned Aid

1. If MLC is not required to return all of the excess funds, the student must return the remaining amount. For any loan funds that must be returned, the student (or the student's parent for a PLUS Loan) must repay in accordance with the terms of the promissory note. That is, the student must make scheduled payments to the holder of the loan over a period of time. The requirements for Title IV program funds when the student withdraws are separate from any refund policy that MLC may have.
 - a. Therefore, the student may still owe funds to MLC to cover unpaid institutional charges.
 - b. MLC will also charge the student for any Title IV program funds that MLC is required to return. If the return of the funds creates a balance due on the student account, the student will be responsible to pay the balance on their account.

Order of Return of Title IV Funds

1. A school must return Title IV funds to the programs from which the student received aid during the payment period or period of enrollment as applicable, in the following order, up to the net amount disbursed from each source:
 - a. Unsubsidized Direct Stafford loans
 - b. Subsidized Direct Stafford loans
 - c. Federal Perkins loans
 - d. Federal PLUS loans
 - e. Direct PLUS loans
 - f. Federal Pell Grants for which a Return is required
 - g. Federal Supplemental Educational Opportunity Grants (FSEOG) for which a return of funds is required
 - h. Federal TEACH Grants for which a Return is required
 - i. Iraq and Afghanistan Service Grant for which a Return is required
2. Any federal college work-study funds that the student has earned prior to their withdrawal are theirs to keep and will not be returned.