

# Federal Financial Aid Withdrawal Policy

## RETURN OF TITLE IV (FEDERAL) FINANCIAL AID

Title IV funds are awarded to a student under the assumption that the student will attend school for the entire period for which the assistance is awarded. When a student withdraws, he/she may no longer be eligible for the full amount of Title IV funds originally awarded. If a student receiving Title IV funds completely withdraws from classes through 60% of the term, the University is required to determine how much of the financial aid was earned up to the time of withdrawal. The University and/or the student must return unearned Title IV funds to the federal government. This situation could result in the student owing aid funds to the University, the government or both.

The federal formula requires a return of Title IV aid if the student received federal financial assistance in the form of a Pell Grant, Supplemental Educational Opportunity Grant, Federal Stafford Student Loan or PLUS Loan and withdrew on or before 60% of the term. To determine the amount of aid the student has earned up to the time of withdrawal, divide the number of calendar days the student attended classes by the total number of calendar days in the term. Scheduled breaks of more than five days or more are excluded. The percentage derived is then multiplied by the total federal funds that were disbursed (either to the student's account or to the student directly by check) for the term. This calculation determines the amount of aid earned by the student, which he/she may keep (for example, if the student attended 25% of the term, the student has earned 25% of the aid disbursed). The unearned amount (total aid disbursed less the earned amount) must be returned to the federal government by the university or the student.

**If it has been determined that a student has unofficially withdrawn, the Return to Title IV calculations will assume 50% completed, unless otherwise documented by the instructor or student.**

## ORDER OF RETURN OF TITLE IV FUNDS

Funds that are returned to the federal government are used to reduce the outstanding balances in individual federal programs. Financial aid returned (by the University and/or the student or parent) must be allocated in the following order:

1. Federal Unsubsidized Stafford Loan
2. Federal Subsidized Stafford Loan
3. Federal PLUS (Parent) Loan
4. Federal Pell Grant
5. Federal Supplemental Educational Opportunity Grant
6. Other Federal Loan or Grant Assistance

Students will be notified of any adjustments to their aid package as a result of their withdrawal.

Loan borrowers who have graduated, withdrawn or ceased to be enrolled at least half-time will enter repayment at the end of their six-month grace period.

Withdrawal from classes may affect Satisfactory Academic Progress. Refer to the Madonna University Bulletin for details.

Students are encouraged to contact the Financial Aid Office at 734.432.5663 or [finaid@madonna.edu](mailto:finaid@madonna.edu) before withdrawing from classes.