

NASFAA's "Off the Cuff" Podcast – Episode 358 Transcript

OTC AskRegs Experts: Understanding Retroactive and Late Disbursements

Maria Carrasco:

This episode of Off the Cuff is brought to you by our NASFAA 2026 charity events. Joining us in National Harbor, Maryland this summer for the NASFAA 2026 National Conference. We hope you will sign up for our charity events, including a 5K and team trivia night or Topgolf game event. Participants should register online by May 1st. Thanks to our generous charity event sponsors, all proceeds from these events will go directly to our conference charity partner, First Generation of College Bound. Visit nasfaa.org/conference for all the details. Hello, and welcome to another episode of Off the Cuff. I'm Maria Carrasco with the Communications Team.

David Tolman:

I'm David Tolman with Training and Regulatory Assistance.

Tonya Hsiung:

I'm Tanya Shung with Training and Regulatory Assistance.

Norma Robinson:

To quote Eminem, guess who's back? Back again. It's Norma Robinson from TRA.

David Tolman:

And we are the U crew.

Norma Robinson:

Yes. NASFAA.

Tonya Hsiung:

NASFAA.

Maria Carrasco:

Thanks so much for joining us. I'm so excited to have the U crew. Yeah. How is everyone's week going? You guys doing all right? Holding on, I hope.

Norma Robinson:

By a thread, but yeah, I'm still here.

David Tolman:

It's quieted down at my house. We had visitors. We had my son, his wife, and their new baby, three months, four months now, actually, were visiting us and they left earlier this week. So it's kind of quiet here.

Maria Carrasco:

That's exciting though.

David Tolman:

It was fun having a baby in the house actually.

Norma Robinson:

Yeah. David, can I just say that ... I know we had a little side chat a couple of days ago. I still have Baby Beluga in my head to this day. I have not been able to stop singing Baby Beluga.

David Tolman:

Yeah. We had a playlist going as people were entering our NASFAA U Chorus and it was just like a Spotify curated playlist of things that I'd been listening to through my account. And it was just kind of chill music. And one of the songs on there was Baby Beluga by Raffi. So Spotify doesn't still quite have me pegged.

Maria Carrasco:

That's a great song. I remember that, listening to that when I was a kid. Well, again, thank you guys for joining us. I wanted to start off with an icebreaker this week, and this is a question David suggested. What is a job you held during college or a job you had that you'd never want to do again?

David Tolman:

And I know Tanya and Norma had more interesting jobs than I had.

Norma Robinson:

Tanya, I'm going to go ahead and jump in front of you because your job was much more interesting than mine. But yeah, I won't say that I would never do it again. Never say never, but I was a barista for a short time. I used to work at a bookstore. I did some time at Joe Muggs in Books-A-Million, if anyone is familiar. I mean, I definitely wasn't as good a barista as Leopold. I mean, I was not whipping up super fancy creations, but I mean, I could make a mean latte.

Maria Carrasco:

I believe you on that.

Tonya Hsiung:

So mine was my family. We had a family-owned business and we had a meat processing plant, but we sold all pork products. So I worked in our meat processing plant and I did that from the time I was in high school all the way through college, but it is definitely not a job I would want again because we had to make sausage and bacon and ham. And to this day, I mean, I'll still eat sausage and bacon and ham, but usually pretty sparingly.

Norma Robinson:

Tanya, so saying you don't want to know how this sausage gets made, that has a literal meaning for you.

Tonya Hsiung:

Sausage isn't so bad. It would be hot dogs. I don't want to know how hot dogs are made. Yeah.

David Tolman:

And we're like, okay, did you have names for your animals and did you recognize them as they came through the [inaudible 00:04:27]?

Tonya Hsiung:

No, we had way too many pigs for that. The farm I grew up on, we had 3,000 pigs.

David Tolman:

Okay. Wow.

Tonya Hsiung:

Not ones you would want to name, so too many for that.

Norma Robinson:

Is that a big size for a family? Is that a large family farm? Is that a smaller family farm?

Tonya Hsiung:

No, that was a pretty big family farm.

Norma Robinson:

Yeah, that sounds like a lot.

Tonya Hsiung:

Yeah.

David Tolman:

And my job was nowhere near as interesting as either one of those two. Remember Auto Trader Magazine?

Tonya Hsiung:

Oh, yeah.

David Tolman:

You would get in a convenience store and it would have all the cars that were for sale.

Norma Robinson:

Maria shaking her head, "No."

Maria Carrasco:

No. Never heard of that.

David Tolman:

Never heard of that. I was a photographer for that. So it was a good college job because I can make the appointments during my free time and go out and snap a picture. But I really had no formal training in taking pictures just other than how to frame a car. And then once a week I would go and deliver them to the convenience stores in a couple of counties. So I was a glorified newspaper boy in college.

Tonya Hsiung:

Oh, nice.

Maria Carrasco:

Yeah, that's cool.

Norma Robinson:

Sweet.

Tonya Hsiung:

That's going to be Maria's homework now to go find an Auto Trader Magazine.

Maria Carrasco:

Oh, for my worst job. During college, I worked as a server for a German restaurant. I am not German. I don't know a lick of German or the German language, but I worked there and I wore the outfit, a dirndl. Is that what it's called? I worked there for three years and it was a terrible job. The restaurant was disgusting. They reused bread. We gave you a bread basket and if the bread was untouched, we would reuse it in another person's bread basket. It's gross. So yeah, hated that job. I salute any servers, former servers. The job can be so tough. So definitely it was character building experience for sure.

Norma Robinson:

Maria, I kind of like how that was also kind of sausage themed.

Maria Carrasco:

It was. There was a lot of sausage at the job. Yeah. Well, thank you guys for sharing. I guess moving on to the topic for the week, what will we be discussing, David?

David Tolman:

Well, we are coming up upon the end of the term at a many schools. And so financial aid offices, they're rushing to complete the files. So students will get their disbursements before the academic year ends. And that means not only disbursing aid for the current term where students are enrolled, but also terms within the award year that the student's already completed. And so today we're going to talk about retroactive and late disbursements.

Maria Carrasco:

What is a retroactive disbursement?

Norma Robinson:

Yeah, I'll jump in here. So retroactive disbursements are kind of what they sound like. They're payments that you are making retroactively. So in this case, kind of like what David was alluding to, at some point during the year the student was at your school, they have completed a payment period, but they did not receive financial aid for that period. So retroactive disbursements allow you to provide the student financial aid for a period that they have already completed, so long as it's within the same award year and the student is still enrolled.

Maria Carrasco:

What are the conditions to making a retroactive disbursement?

Tonya Hsiung:

Yeah, I'll take that one. So there are certain conditions for making a retroactive disbursement for the Pell Grant and for the TEACH grant, those are making a disbursement on completed credits in that payment period. And completed credits include past courses, also any courses that the student may have failed, so they don't have to be successfully completed. It's just if the student actually completed the course, but it's based on all the completed courses at the end of that payment period. And completed courses also include incomplete grades that the student has completed that payment period for, but they actually haven't converted to failing grades at that point. So that's an important point to note.

David Tolman:

And only in financial aid would an incomplete grade count as a completed course, that logic.

Norma Robinson:

Yeah. You got to love those kind of things, right? We love exceptions. "It's mostly this, but then it could be that." That's definitely a financial aid thing.

David Tolman:

So I can hear the chats coming in our classroom, the classroom chat. Can you repeat what you just said? Are incomplete grades considered completed for retroactive disbursement?

Tonya Hsiung:

And yes, incomplete grades are considered completed courses for the payment period, because what that means is the student actually went through the entire course and completed the course itself, even though they received an incomplete grade for the course. So what'll happen is that course, the student will either complete it and receive a passing grade for the course once they completed the course, or they'll receive a failing grade for the course, but they've actually completed that course.

David Tolman:

And I know one common question, how do schools know if a student has a failing grade, whether they earned that grade or not, or as I sometimes say, the student proved themselves a failure. Not how does schools know, but how does a financial aid office know?

Tonya Hsiung:

So schools have to have a policy, whether they have what's called an earned F or an unearned F, and they have to have a way to distinguish that. And a lot of schools will have ways to distinguish whether a

student has earned a failing grade, and maybe they give the student an F, or if they have an unearned F, they might designate it as an X-grade or an FW grade or some other type of grade that they give the student if it's an unearned F. And what that means is the student didn't meet all the course requirements where they stopped attending the course. That's what an unearned F is. But an F grade, an earned F grade means that the student actually did attend the course and just didn't meet the requirements for the course itself. They actually took the tests, they took the exams, they just didn't meet the course requirements to actually pass the course. So that's the difference between an earned F and an unearned F.

David Tolman:

Okay. And return Title IV funds, schools have a need to differentiate between those grades as well, right?

Tonya Hsiung:

Right. And that's an important distinction because you need to know earned Fs and unearned Fs for the withdrawal process in order to determine unofficial withdrawals for students in R2T4.

David Tolman:

So that was Pell and Teach, but there are differences for FSEOG and direct loans, right?

Tonya Hsiung:

Right. So for FSEOG, that does not have a completed credits requirement. So FSEOG is one of the ones you can have a disbursement for FSEOG as long as you've awarded that to the student. The payment for retroactive direct loans does require half-time enrollment completion. So that means that as long as the student has completed half-time enrollment at the end of that payment period, you can disburse a direct loan for the student, but they have to have been at least half-time.

Maria Carrasco:

And what are some reasons why a retroactive disbursement might occur?

Norma Robinson:

Oh, there's a few reasons for that. I'll just go ahead and jump in. Kind of like what we were talking about before, the student has started school. Maybe they didn't have a FAFSA on file at the time they started. They submitted their FAFSA late. Maybe they have already submitted their FAFSA, but there are things that are holding up the student from receiving disbursements. Maybe they were selected for verification, they haven't completed their verification yet, so they might complete their verification later in the academic year, and once they do, you can go back and retroactively pay them. Maybe the student has some eligibility issues, maybe like a citizenship issue. Once they've clarified citizenship, then you can go back and pay them retroactively for completed periods, things like that. So the student started school, but for whatever reason, they are not getting financial aid at the time that they are enrolled in that particular period.

David Tolman:

And then something I just thought about with Pell in doing that and what Tanya said about the student basing the Pell on completed credits, once you're looking at a retroactive withdrawal, Pell recalculation date goes away, right?

Tonya Hsiung:

Right. So, and that's a question that we've received before in AskRegs that people get confused and think, "Well, there's a Pell recalculation date. I have to go based on the Pell recalculation date no matter what." And I'm looking at the enrollment intensity as of the Pell recalculation date. With retroactive disbursements, that's no longer the case. You always look at the payment period end, and you're looking at how many completed credits that the student has completed. You're no longer looking at that Pell recalculation date and the enrollment at the Pell recalculation date. So it's really important that you're looking with retroactive disbursements at the number of completed credits that the student has at the end of that payment period.

David Tolman:

Yeah. So you could be looking at it two ways. Taking the example of students in fall and spring and it's now spring, you're going to be making the retroactive payment for fall, you're going to be making a current term disbursement for spring. PRD for spring is still going to be in place, but you ignore it for fall. You go off those completed credits.

Norma Robinson:

Right. Yeah. The timing definitely matters, right? So are you in the current period? Are you paying for a period that has already passed? So it makes a difference.

David Tolman:

So those are some of the reasons retroactive. Either of you want to talk about what a late disbursement is. We can compare that to a retroactive.

Norma Robinson:

Oh yeah. Late disbursements. I'll go ahead and jump in here. It's still a payment for what a student has done in the past, but the difference is with a late disbursement is the student is no longer enrolled during the award year or to throw in another kind of little loophole for the loan period if you were trying to determine whether it's a late disbursement for the loan period. So again, depending on that timing, there are different rules to consider. So if you have a retroactive disbursement while the student is still enrolled, you can do certain things, but if it's a late disbursement, the student is no longer enrolled, so different rules will apply, right, David?

David Tolman:

Right. Right. So if they are no longer enrolled at all in the award year, there are different rules and the student has to have applied while they were still enrolled. The school on their end would have to have originated the loan while the student was still enrolled. And for FSEOG, they would have needed to have awarded or offered the student FSEOG at least while the student was still enrolled. And it could be for the student, for one that withdrew, and we've got a return of Title IV funds course coming up. So I'm going to ask Tanya to explain a little bit about post withdrawal disbursements, but it's a little bit different post withdrawal because if the student withdraws and now you're trying to make a

disbursement, the term itself might be going on for all the other students, but for the student who withdrew, it has ended.

So you still have to follow late disbursement rules for those PWDs, right, Tanya?

Tonya Hsiung:

That's right. So with post withdrawal disbursements, that means that the student has withdrawn before the end of the term. So you might have the student is still ... The term is still going, but the student is no longer enrolled. This means that the student can still have some of their aid disbursed depending on what they're eligible for based on that return of Title IV funds, but you're going to have to meet certain deadlines in order to do that.

Norma Robinson:

So yeah, so I just wanted to circle back to late disbursements just for a second. I hope this doesn't confuse anyone who is listening here, but I do just want to point out that for the purposes of late disbursements, specifically for direct loans, if the student ceases to be enrolled on at least a half-time basis and you are trying to make a disbursement, that is also a late disbursement. So remember for loans typically to disburse, the student has to be enrolled at least half-time. So if the student is no longer enrolled at least half-time, that also throws another little wrinkle into it.

David Tolman:

Yeah, that's a good point.

Norma Robinson:

Yeah. You've got to meet those late disbursement requirements for direct loans before the student ceases to be enrolled on at least a half-time basis.

Maria Carrasco:

What are those deadlines, Tanya?

Tonya Hsiung:

So after the student stops enrollment, you have 180 days to make a late disbursement to the student, but you want to do it as soon as possible just no later than 180 days. And that's to make the post withdrawal disbursement of the Title IV grant funds. And again, same with the loan funds as well, but you do want to do it as soon as possible. You just have up to 180 days to make that late disbursement.

David Tolman:

And then also, I know in some of our classes, I'm kind of surprised by the number of participants who seem surprised that you can actually complete verification after the student's no longer enrolled. And that one has a shorter deadline, right? 120 days and it's easy to get those two confused.

Tonya Hsiung:

Yeah. If a student hasn't completed verification at the time they withdrew or the time they stopped attending, you do have up to 120 days to get the verification completed.

Maria Carrasco:

David, I know you kind of wrote something, a special treat up for the Off the Cuff listeners of an example of retroactive disbursements. Do you want to take it away?

Norma Robinson:

Oh, boy.

David Tolman:

Oh, boy. Somewhere in here, there's information about a post for late disbursement or retroactive. So given the stuff that we've said, you got to really pay attention.

Norma Robinson:

Can I just say, I feel like I summoned Leopold with my barista talk, so I am so excited for this. I'm sorry.

David Tolman:

Yeah. For those who miss it, we did a story for Tim's last podcast, and we actually got a lot of comments. It's like, "Can you please incorporate Leopold and Ségolène in your future podcast?" They're not going to be regular, but they are making appearance when it's appropriate. So if only we had an example, I have to say, I did this last night while I was watching Taskmaster, and that might have influenced some of the things I put in here, and I haven't really read through it. Anyway, this is just a brain dump. So here we go. The continuing saga of Leopold and Ségolène. And Tim, if you are listening to Maggio, this is for you, Tim. I want to hear from you. He's a flash get. Come on, Leo. You just don't know him. He is. Why was he being so difficult? Those files belong to you. He should have just handed them over. Leopold and Ségolène had stopped at an indoor market in Iowa on their way home from Chicago. Leopold was browsing through the scented soaps at one of the stalls. Lavender patchouli, that was quite nice. Bamboo, mud, not so much. And monkey farts was sold out. Sold out? How could monkey fart soap be sold out? Chad was my professor. I turned in the files with my last assignment. He just never returned them. "He was more than your professor," Leopold mumbled.

Norma Robinson:

Oh, wow.

David Tolman:

Ségolène ignored him.

Norma Robinson:

Shade. The shade. I'm sorry.

Tonya Hsiung:

Shade.

David Tolman:

Yeah, there's a little backstory, but you don't need to know it. Ségolène ignored him. "He did return them," she said. "Whatever," he replied. Ségolène had left journalism school in Chicago and enrolled as a crime-writing major in the local college in Ankeny, Iowa when she married Leopold her childhood friend. Within the halls of her new school, she remained haunted by a single jagged purpose, hunting

the truth behind the brutal home invasion story that had dragged her back to Ankeny. Although the defendant had been found guilty, Ségolène had questions. The files Chad had in Chicago contained information critical to her story. It wasn't just a grade hanging in the balance. It was the chance to catapult her story into the national spotlight. A breakthrough her new teacher promised was within reach if only Ségolène could pull that one final fraying thread. Once back in Ankeny, Ségolène anxiously plucked the flash file into her MacBook.

"Go to bed, Leo. I'll be up a while." Leopold woke up early the next morning to get ready for the day. He reigned supreme over the local cafe, just like Norma did in her barista days.

A master of the machine whose reputation was written in steam and caffeine. He was, after all, the creator of the Velvet Midnight Mocha. He was startled by Ségolène, who obviously had been up all night. "I need to leave, Leo. The next week might be crazy. I need to drop my classes, but it will be worth it. I can't explain now." Ségolène showed Leo the hiding place in the apartment where she stored the flash drive. "This must never leave the apartment," she urged. "But you can't leave now." They never had been apart, not even one night in the year they had been married. "What about our financial aid? Those Social Security number issues." Here we go, right? This is the whole purpose. "Those Social Security number issues have finally worked out. We went all through the fall semester without receiving a Pell or direct loan. We are now on spring and we'll finally get the money we've been waiting for," Leopold thought.

"Surely most people don't know their Social Security numbers and just guess when completing the FAFSA." What had they called him a rejected eyesore? That seemed a little harsh. They finally got their SSNs resolved only to be selected for some kind of audit where they had to prove to the school that they are who they said they are. What a ridiculous process. "The story is huge, Leo. Classes are already dropped. I love you, babe. See you tonight." And she was off.

Norma Robinson:

Rejected eyesore is my new favorite insult and I will be using it, I promise you.

David Tolman:

It's like, "Yeah, maybe that will take place of the velvet midnight mocha. Leopold will be known as the rejected eyesore."

Norma Robinson:

Yeah, I can picture it.

David Tolman:

Leopold had a long day at the cafe followed by classes at the local college. He arrived home that evening. He wasn't sure, but something seemed off. Pictures were not in their right places. Knives were strung about the kitchen countertops. The desk chair was on its back on the floor. And really, he thought something seemed off. Then he noticed us. Maybe Ségolène had come home before him. He looked in the fridge. His bottle of Betty Buzz sparkling apple ginger sour cherry mocktail was empty. But Ségolène hated that stuff. Who did this? He remembered the flash drive. He ran to where Ségolène had hid it. Well, stepped, really. It was a small apartment, but it was gone. No Ségolène, no flash drive. Panic seized him if only for a heartbeat. Leopold grabbed his phone and called his financial aid counselor.

Norma Robinson:

That's who I call first every time. My apartment's been ransacked. Who do I call? Financial aid.

David Tolman:

And then what do you ask when do you call?

Norma Robinson:

You tell me, David.

David Tolman:

Leopold asked. "Are you a school required to take attendance?" "No, we are not," she replied. "Oh, and your aide will disperse next week. Finally, eh?" He hung up. He had to find Ségolène. "We'll see who's the rejected eyesore now. I can find Ségolène, take my classes and receive my financial aid," or could he?

Maria Carrasco:

Boom, boom, boom.

Norma Robinson:

Can I just say, David, and I know you said that you like TaskMaster, so I'm just going to say this. Oh, my days. This was so exciting. This was so exciting. I loved it.

Tonya Hsiung:

I can't wait for the next one.

Norma Robinson:

I know.

David Tolman:

If only every retroactive and late disbursement was this exciting. Our jobs would be ... Yeah. All right. So now we've got two examples to discuss. Some were buried in the details.

Norma Robinson:

All right, you rejected eyesores. Start telling us what's up.

David Tolman:

All right, Ségolène. They've resolved their rejected ISIR problem. Ségolène is retroactive or ... Why did I want to say remedial? Retroactive or late disbursement?

Norma Robinson:

Well, Ségolène has ... She left school. Is that right? She's already gone.

David Tolman:

Yeah. She's dropped her classes. Leopold's worried that they're not going to get their money for her. And that could be the case. So what would have to happen for Ségolène to get her money? Aside from

the return of Title IV funds calculation, which is leading us up to our May ... We'll talk about that in May, R2-T4. But aside from all that, what has to happen? Because it is a form of a late disbursement.

Norma Robinson:

Yeah, definitely because she is no longer enrolled for the award year. But since they have resolved their SSN issue, you can pay them for the entire award year. So you can go back and make that retro ... You can go back, excuse me, and make that late disbursement under certain conditions. So she had a FAFSA on file, right?

David Tolman:

Yeah.

Norma Robinson:

What would be the next thing? So we don't know whether or not she had loans originated or not.

David Tolman:

No, we don't.

Norma Robinson:

I might've missed that detail in the story. So that would be something important, but she could potentially get her Pell Grant if she completed credits in the fall.

David Tolman:

Even if it wasn't offered before she left, right?

Norma Robinson:

Right.

David Tolman:

She could still get it.

Norma Robinson:

Right. Now, FSEOG, that's something different that you would have to have offered before she left.

David Tolman:

And then the thing for the loan, if it was originated before she dropped, she should have called her financial aid office. She's usually the one that's on top of all this stuff. Yeah.

Norma Robinson:

She knows about addressing inequities and better reflecting her ability to pay. I remember that from last time. She's usually on top of it.

David Tolman:

Yeah. I don't know what was on that flash drive, but it seemed pretty important. And now she's gone. Okay. But what she'll get for fall, late disbursement, what she'll get for spring would be a post withdrawal disbursement. So there'd be extra steps. They'd have to do the calculation and see. But if she didn't get a disbursement, they'd still have to process the R2T4, right? That doesn't mean that she's exempt from return of Title IV funds requirements just because she didn't get any financial aid, right?

Maria Carrasco:

Right.

David Tolman:

Yeah. They have to check for fall and then do R2T4 for spring. And then, so Leopold thinks he can do both. He's going to stay enrolled, but now there's a question. Will he be able to stay enrolled for the whole term? But if he stays enrolled, he'll get a retroactive disbursement, not a late disbursement for fall.

So the loan can still be originated if it hadn't been. He can still be offered Pell. They can do all the things with Leopold, but they will have to look at his fall classes to determine how much he's eligible for. Not what he was enrolled on their Pell recalculation date. All this information is left out of the story. I don't understand. Don't find ... But yeah, Pell recalculation date, done for fall, but it's in place for his spring portion. Yeah. So as long as he stays enrolled and keeps attending, that would be good for him.

Norma Robinson:

But true to financial aid, you very rarely have all of the details at first when a student approaches you. There are things that you kind of have to suss out first. So these are the kind of things that you have to be considering when you are trying to determine whether or not you can make that payment to the student. There are finer details involved and you may not have it all upfront, but these are things that you have to know in order to make these determinations.

Tonya Hsiung:

Right. You have to know what questions to ask and what information to gather in order to get all the information that you need.

Norma Robinson:

Exactly.

David Tolman:

Yeah. So we'll have some links that go to some AskReg's articles for those who want to delve into more detail. But yeah, anything else we need to add?

Norma Robinson:

I'm trying to think of something financial aid related. The only thing I can add right now is just say, I heard this whole story as Leopold with a Cockney accent, and that was all I could hear in my head. But for financial aid purposes, hopefully we have hit all of the high points here.

Maria Carrasco:

Well, maybe at some point we'll get some voice actors for David's stories because they're so entertaining.

Norma Robinson:

Yes.

Maria Carrasco:

And I am on the edge of my seat, what's going to happen to them? But yeah, thanks, David, so much for the second edition of the Leopold and Ségolène saga. I don't know.

Norma Robinson:

This is definitely saga levels of storytelling at this point.

Maria Carrasco:

You definitely have a career in this. I know you like British crime shows. I know you mentioned this one time at a retreat, so yeah.

David Tolman:

Yeah, I do. I'll have to take some inspiration from one of those shows of which there are dozens to choose from.

Norma Robinson:

Could we get a guest appearance from Luther? That's the only one that I know though.

David Tolman:

Oh, you want to meet Idris Elba for those who don't know who Luther is.

Norma Robinson:

Okay, maybe. Maybe.

Maria Carrasco:

Well, thank you so much, David, Tanya, Norma for another great and informative episode. And thank you for listening to another episode of Off the Cuff. We'll be back next week.