

Actions a School Can Take When a Student Dies

When a student who has an FFEL Loan, Direct Loan, or Perkins Loan dies, their loans are discharged. Here we describe how a school should proceed when a currently enrolled recipient of federal student aid dies, including discharge procedures and documentation requirements.

WHEN A STUDENT (WHO HAS OUTSTANDING FEDERAL STUDENT LOAN OBLIGATIONS) DIES

The regulations governing Perkins Loans (including Defense Loans and NDSL loans), FFEL program loans, and Direct Loans (including a Direct Unsubsidized Loan which results from the failure to complete the TEACH Grant Agreement to Serve) provide for discharge of a borrower's obligation to repay those loans if the borrower dies (including a Parent PLUS Loan borrower's obligation to repay a Direct PLUS Loan if the student on whose behalf the parent borrowed dies).

If a student has died, the school should contact the loan servicer to ensure the servicer has any relevant information in the school's possession. Unless the deceased has an outstanding Perkins Loan, a school is not responsible for gathering the information needed to discharge a borrower's outstanding loans. However, many schools choose to take an active part in order to provide support to the borrower's family and remove the borrower from the school's cohort.

If a school has information that a current or former student who has a current federal student loan obligation has died, the school may try to obtain an original or certified copy of the borrower's death certificate, or an accurate and complete photocopy of the original or certified copy of the death certificate, and provide the death certificate to the servicer of the student's (or parent's) loans.

Discharge when a student dies

Defense, NDSL, Perkins: 34 CFR 674.61. FFEL Loan: 34 CFR 682.402(b)

Direct Loan: 34 CFR 685.212(a). TEACH Grant: 34 CFR 686.42(a)

When a student fails to fulfill their TEACH Grant Agreement to Serve, their TEACH Grant converts into a Direct Unsubsidized Loan. A deceased student has their TEACH Grant Agreement to Serve discharged, or, if their grant has already been converted to an Unsubsidized Direct Loan, the Direct Loan is discharged.

WHEN A SCHOOL RECEIVES INFORMATION THAT A STUDENT HAS DIED

If, during the school year, a school receives information that a current recipient of Title IV aid has died, the school must determine the validity of that information. Until the school has determined whether or not the student remains in attendance, the school may not make additional disbursements of Title IV aid to the student (including releasing any Title IV credit balance that might exist on the student's account).

In order to properly document the claim (see the "Documentation required for discharge..." section below), and to avoid causing distress to a student's family and friends based on an inaccurate report of a student's death received by the school, the school should first make internal inquiries and consult public information sources when investigating a claim that a student has died. If there is no local newspaper report of a student's death, a school can conduct an online search of the student's hometown newspaper and the newspapers where the death was reported to occur.

Internally, to confirm a student's deceased status, a school should get attendance reports from the faculty in whose classes the student is currently enrolled. If the student lives/lived on campus, the school should contact the appropriate residence hall staff to see what information the staff possesses. Faculty members and residence hall staff should be told that if the student is present, it is critical the student call or visit the financial aid office to dispute the claim of being deceased.

The school should also write the student at the local USPS mailing address/residence of record and at any electronic address available (email and social media) to inform the student that it has reason to believe the student to be deceased and will not be making further disbursements of financial aid to the student until/unless he or she calls or visits the financial aid office.

A school can also contact the vital records office for the student's home state (a list is available at www.cdc.gov/nchs/w2w.htm) and ask about the possibility of obtaining a death certificate and the steps for doing that; paying a fee is typically also required.

A school should complete its internal attempt to resolve the report of the student's death within 30 days. After 30 days, if the school has not resolved the report of the student's death, a school should seek information from the student's family (named on the FAFSA if the student is dependent or married) and any references the student provided during entrance counseling (if the student is a recipient of a federal student loan).

A school that is unable to confirm a student’s death must make a determination that the student is no longer in attendance (has withdrawn) 30 days after the end of the earlier of the:

- ◆ payment or enrollment period;
- ◆ academic year in which the student was enrolled;
- ◆ educational program in which the student was attending.

A school must return any Title IV funds required under 34 CFR 668.22 as soon as possible but no later than 45 days after the date the school determined the student withdrew. For more details on the procedures and requirements of returning aid, see the *FSA Handbook, Volume 5, Chapter 1*.

CPS Match with the U.S. Social Security Administration

The Social Security numbers of applicants currently in Federal Student Aid’s Central Processing System (for all award years currently being processed) are matched weekly against SSA records. If the Social Security number entered in Item 8 of the FAFSA matches that of a deceased person in the SSA records, the CPS will send a new ISIR to all schools indicated on the student’s FAFSA. The new ISIR will include Comment Code 076 and the comment text:

Social Security Administration (SSA) records indicate that the Social Security Number (SSN) that was provided in Item 8 belongs to a deceased person. If the SSN is correct, the applicant must contact the SSA at 1-800-772-1213 or www.ssa.gov to resolve this problem. If the SSN is incorrect, the applicant must correct the SSN on a paper SAR or submit a new FAFSA online with the correct SSN.

If a school receives an ISIR that contains Comment Code 076, it must treat the ISIR as conflicting information.

Enrollment Reporting When A Current Student Has Died

If a school has obtained a copy of the death certificate for a current student, the school must update the student’s status in NSLDS. If the school is due to perform its regular Enrollment Status Reporting within the next 14 days, the school may use that process to update the student’s status. If the school’s regular Enrollment Reporting is more than 14 days in the future, we recommend that the school manually update the student’s enrollment status on the NSLDS Professional Access Web site at <https://nslsdfap.ed.gov> to a status of “D as soon as possible.”

Withdrawal date when a student dies

If a school that is not required to take attendance is informed that a student has died, it must determine the withdrawal date for the student according to the guidance contained in 34 CFR 668.22(c)(1)(iv). This section provides that if the institution determines that a student did not begin its withdrawal process or otherwise provide official notification of his or her intent to withdraw because of illness, accident, grievous personal loss, or other such circumstances beyond the student's control, the withdrawal date is the date that the institution determines is related to that circumstance.

The withdrawal date can be no later than the date of the student's death. For an institution that is required to take attendance, the withdrawal date for a student who has died is the last date of attendance as determined from the school's attendance records. **The school must maintain the documentation it received that the student has died** (see the "Documentation required..." section below for specific requirements) and determine an appropriate withdrawal date.

Documentation required for discharge of a federal student loan when a student dies

In order to discharge the unpaid balance (including interest) of a Perkins Loan (including NDSL and Defense loans), FFEL program loan, or Direct Loan, the loan holder or servicer must obtain:

- an original or certified copy of the death certificate or an accurate and complete photocopy of the original or certified copy of the death certificate for the person who has died;
- an accurate and complete original or certified copy of the death certificate for the person who has died that is scanned and submitted electronically or sent by facsimile transmission; or
- verification of the borrower's death through an authoritative Federal or State electronic database approved for use by the Department.

Note: On a case-by-case-basis, in exceptional circumstances, the Chief Financial Officer of the institution may approve a discharge based upon other reliable documentation of the borrower's death.

Documentation required for discharge of a federal student loan when a student dies

34 CFR 674.61(a)
34 CFR 682.402(b)
34 CFR 685.212

Obtaining a death certificate or an acceptable copy of a death certificate

If your school confirms that a current recipient of Title IV aid has died, you should try to obtain an original or certified copy of the recipient's death certificate, or an accurate and complete photocopy of the original or certified copy of the death certificate.

The families of deceased persons have primary responsibility for notifying local and national authorities when a family member dies. While doctors, other medical professionals, and mortuaries often perform this function, the responsibility remains with the deceased's family.

If you can determine from a notice of death or news report that a medical professional or mortuary was involved, you could request a copy of the student's death certificate from them. Schools may also be able to obtain death certificates from the local government record offices where the death occurred or the local government offices where the student's permanent residence was located. For example, you can contact the vital records office for the student's home state (a list is available at www.cdc.gov/nchs/w2w.htm) and ask about the possibility of obtaining a death certificate and the steps for obtaining it; paying a fee is typically also required.

Since individual state rules for documenting the death of an individual and obtaining a copy of an individual's death certificate differ widely, a school should consult with its attorney to establish procedures for obtaining the required documentation from local authorities in your state.

When a student who has died is due a post-withdrawal disbursement

You may not make a post-withdrawal disbursement of Title IV funds to the account or estate of a student who has died.

If you determine that a student has died during a period in which the student was receiving Title IV aid, you must perform a Return calculation (see the *FSA Handbook, Volume 5*). If the Return calculation indicates that an institution is required to return Title IV funds, your school must return the Title IV funds for which it is responsible.

A deceased student's estate is not required to return any Title IV funds disbursed to the student. Therefore, an institution should neither report a grant overpayment for a deceased student to NSLDS, nor refer a grant overpayment for a deceased student to Default Resolution Group (see below). If an institution had previously reported a grant overpayment for a student who is deceased to Default Resolution Group, it should inform Default Resolution Group that it has received notification that the student is deceased.

The regulations governing the Direct and Federal Perkins Loan programs provide for a discharge of a borrower's obligation to repay a Federal Direct or Federal Perkins Loan if the borrower dies (including a Direct PLUS Loan borrower's obligation to repay a Direct PLUS Loan if the student on whose behalf the parent borrowed dies). If a school is aware that a student who has died has any outstanding Title IV loan debt, the school should contact the student's estate and inform it of the actions it can take to have the student's Title IV loan debt cancelled.

If a Title IV credit balance created from **funds disbursed before the death of the student** exists after the completion of the Return calculation and the institutional refund calculations, the institution must resolve the Title IV credit balance as follows:

1. In accordance with the cash management regulations, paying authorized charges at the institution (including previously paid charges that are now unpaid due to the Return of Title IV funds by the institution).

2. Returning any Title IV grant overpayments owed by the student for **previous withdrawals** from the present school (the institution may deposit the funds in its federal funds account and make the appropriate entry in G5).

If the institution has previously referred the grant overpayment to Default Resolution Group, the institution should provide Default Resolution Group with documentation that the student has died so that Default Resolution Group can delete the overpayment from its records.

3. Returning any remaining credit balance to the Title IV programs.

Default Resolution Group

U.S. Department of Education
Default Resolution Group
P.O. Box 5609
Greenville, TX 75403-5609
903-259-3877

Department of Education's On-Site Monitor at Default Resolution Group:
903-259-3915

TREATMENT OF CREDIT BALANCES IN OTHER CASES OF A WITHDRAWAL BEYOND THE CONTROL OF A STUDENT

If a student has experienced an emergency beyond the student’s control, a school may grant a retroactive withdrawal to the student. On those occasions, the school may find itself holding a credit balance that is composed of both Title IV and non-Title IV funds.

If your school has lost contact with a student who is due a credit balance, you must use all reasonable means to locate the student. If you still cannot find the student, your school must return the Title IV portion of the credit balance to the appropriate FSA program(s) and/or lender. The FSA regulations do not set specific rules for determining which funds created a credit balance. We encourage schools to return FSA funds to loan programs first to reduce the borrower’s loan balance.

In the case of a retroactive withdrawal of a student who has outstanding Direct Loans, if the school is unable to locate the student, in order to provide the greatest benefit to the student, the school may return both the Title IV and non-Title IV funds in the student’s credit balance using G5.

All returns through G5 must be offset by a downward adjustment in the student’s Direct Loan record in COD of the entire amount (the sum of the Title IV and non-Title IV funds) the school is returning.

The school must complete two separate procedures.

1. The school must return the Title IV funds through G5.
2. The return must be offset by a downward adjustment in the student’s Direct Loan record in COD.

A school should never return more through G5 than the outstanding balance on the student’s Direct Loan.

When a deceased student has earned FWS income

A school may deliver any FWS income earned by a deceased student to the student’s estate.