GEMCOR, Inc.
Federal Student Aid Servicing & Software

UNDERSTANDING LOAN PRORATIONS FOR TERM-BASED PROGRAMS

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AGENDA

- Understanding New Federal Student Loan Proration Rules
- Who does this affect?
- How to package in TEAM
- Q & A: Please type all questions that you have during the webinar into the Q & A chatbox and we will answer these at the end of the presentation

WHAT IS LOAN PRORATION?

Before July 1st, 2026

- Students enrolled at least half-time status or greater could generally receive their full annual loan eligibility

Beginning July 1st, 2026

- Students taking fewer than full-time credits will receive prorated loans
- FDSL amounts are prorated based on new formula different than that required for Pell

WHO DOES THIS AFFECT?

- This **only** affects schools that have credit hour, term-based programs
- 2026-2027 Award Year going forward

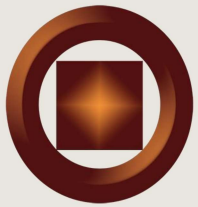
HOW TO CALCULATE LOAN REDUCTIONS?

Step by step Calculation

1. Identify your programs full-time standard for the Academic Year (AY)
   - Most programs define full-time as 24 semester/36 quarter credits per year

2. Determine the student's expected enrollment for the AY
   - Count the credits the student is attending in each term included in the AY

3. Apply the loan reduction formula
   - Full Annual Award Limit x The total credits attempted in the AY / full-time credit hours in the AY x 100 (Round to the nearest whole percent).



HOW TO PRORATE PELL AWARDS

Examples of calculating program intensity based on 12 credit full-time. (Performed term by term)

11/12= .916666666 (round to the nearest whole precent) .92

- 12/12= 100% (no proration)
- 11/12= 92%
- 10/12= 83%
- 9/12= 75%
- 8/12= 67%
- 7/12= 58%
- 6/12 50%

HOW TO PRORATE FDSL AWARDS

Examples of calculating loan reductions for less than fulltime enrollment. (Performed by AY, then optional disbursement methods)

2-term, 24 semester credit hour AY

- Term 1 enrollment = 9 credits
- Term 2 enrollment = 12 credits
- AY enrollment = 21 credits
- 21/24 = .875 (87.5%) Round to 88%
- $3500 Sub Annual Max x 88% = $3080

Disbursement Options

Equal: $1540 for each term

Proportional:

Term 1 $3080 x 9/21 = $1320

Term 2 $3080 x 12/21 = $1760

HOW TO CALCULATE LOAN REDUCTIONS

CONTINUED

Examples:

Annual Loan Eligibility Dependent Academic Year 1 student: $5500

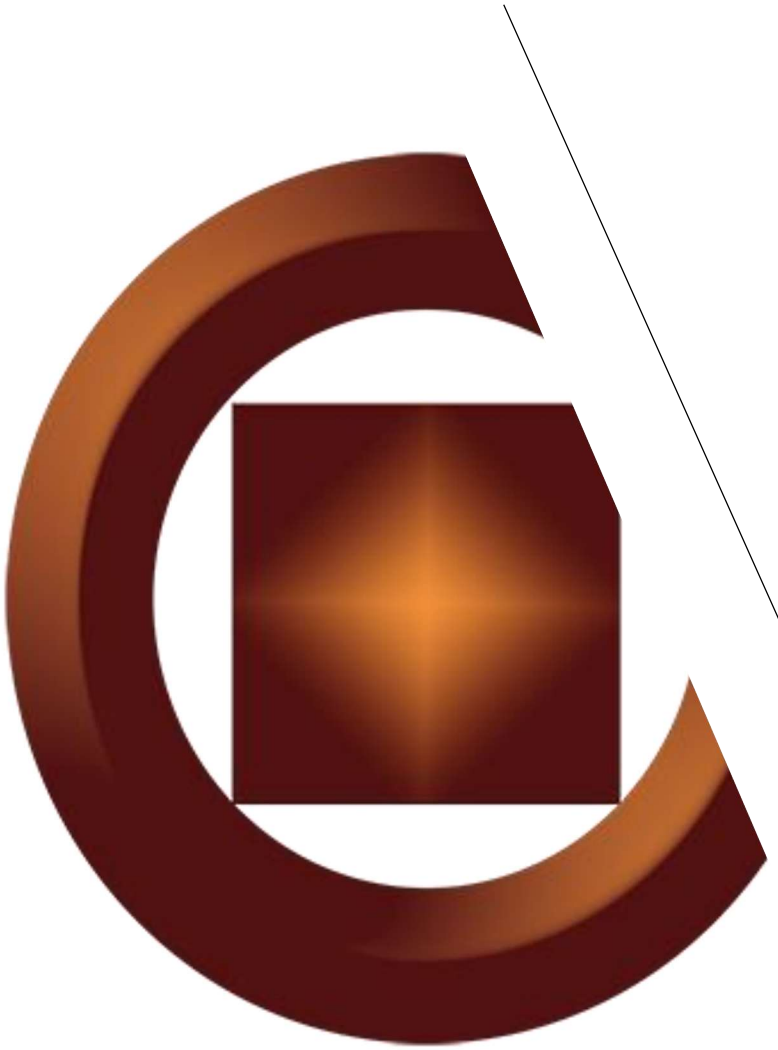
- Full-Time= $5500 ($3500 Sub / $2000 Unsub)
- Prorate Each According to the credit hours attempted for the AY
- Determine Disbursement Option
- Adjust the Annual Loan Reduction Each Term if Necessary

Annual Loan Eligibility Independent Academic Year 1 student: $9500

- Full-time= $9500 ($3500 Sub / $6000 Unsub)
- Prorate Each According to the credit hours attempted for the AY
- Determine Disbursement Option
- Adjust the Annual Loan Reduction Each Term if Necessary.

MOVING FORWARD

- Minimal Time Has Been Afforded to Institutions to Implement Required Changes
- Changes Should Have Been Delayed Until July 2027
- Coding and Testing Can Take 6-8 Months for This New Formula
- Maintain Interim Compliance by Adjusting Disbursements by Term



HOW TO PACKAGE IN TEAM

TEAM PACKAGING

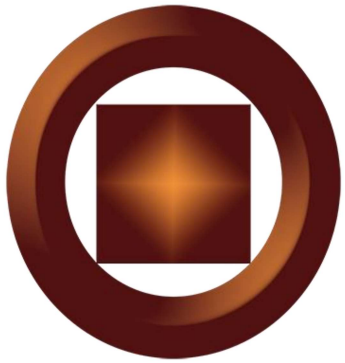
- Process Awards
- Select student correct ISIR
- Create student's program
- Academic Year
- Select Award Type
- Calculate total and save
- Select each disbursement that is less than full-time and update credits (see examples in next slide)

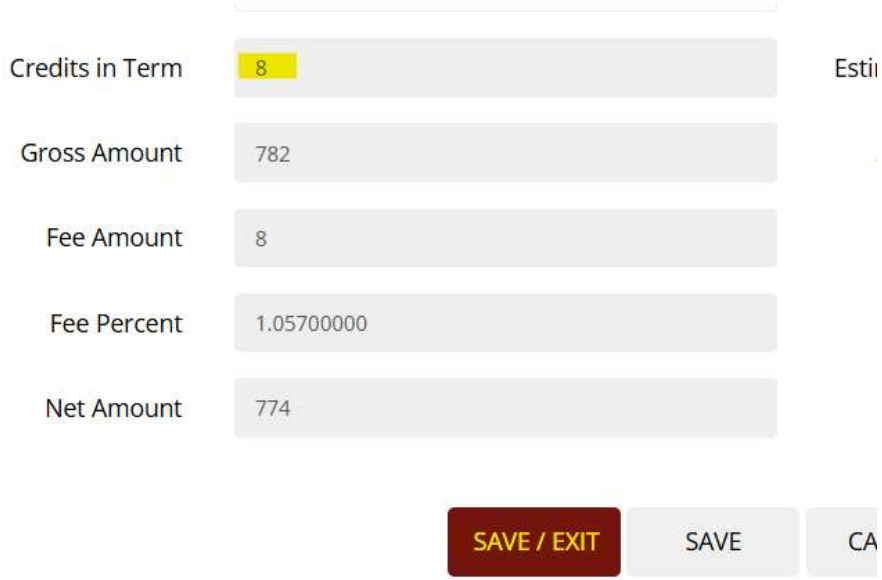
STEP 1: SELECT DISBURSEMENT NUMBER

Pay Period	Award Year	Enrollment Intensity	Estimated Pay Period Begin Date	Actual Pay Period Begin Date	Expected Payment Date	Net Amount	Status
1	2026-2027	12.00	07/20/2026	07/20/2026	08/19/2026	$1,155	Pending
2	2026-2027	12.00	10/19/2026	10/19/2026	10/19/2026	$1,154	Pending
3	2026-2027	12.00	01/18/2027	01/18/2027	01/18/2027	$1,155	Pending

Comments

STEP 2: UPDATE CREDITS, HIT ENTER AND SAVE/EXIT

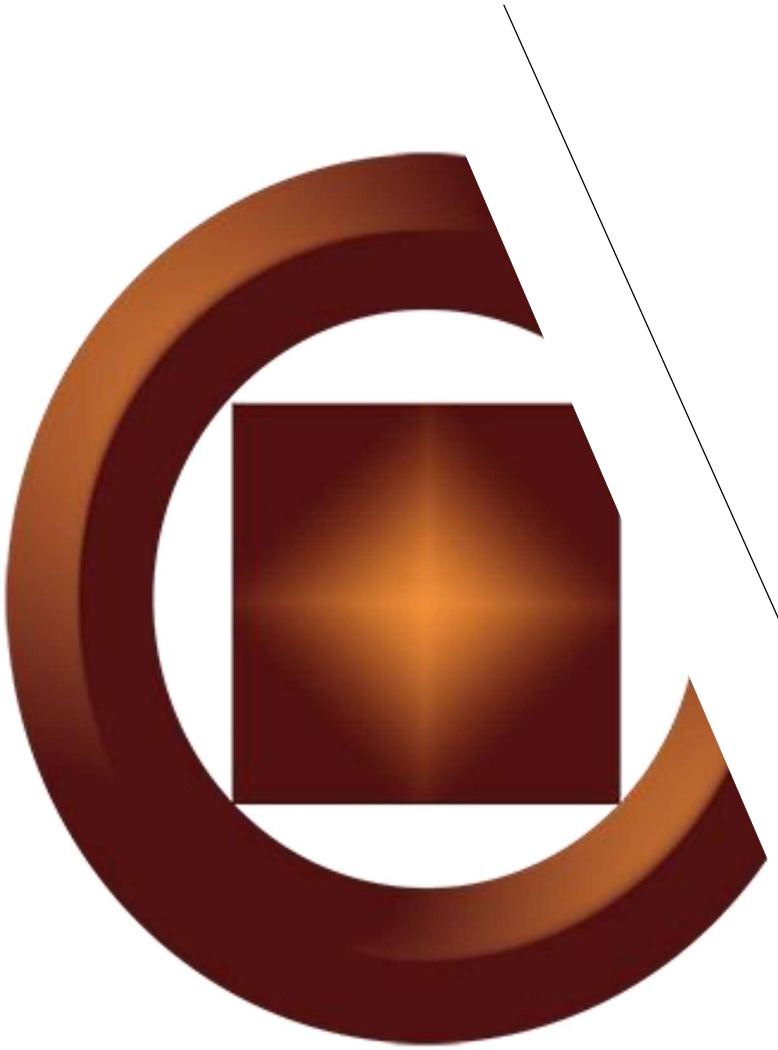




STEP 3: MAKE SURE ALL CREDITS ARE CORRECT

Pay Period	Award Year	Enrollment Intensity	Estimated Pay Period Begin Date	Actual Pay Period Begin Date	Expected Payment Date	Net Amount
1	2026-2027	12.00	07/20/2026	07/20/2026	08/19/2026	$1,155
2	2026-2027	8.00	10/19/2026	10/19/2026	10/19/2026	$774
3	2026-2027	11.00	01/18/2027	01/18/2027	01/18/2027	$1,062

Comments



QUESTIONS?

THANK YOU FOR JOINING!

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