

Scholarship Scams Tip Sheet

How do I recognize a scholarship scammer?

A scammer:

- Indicates you've won an award for which you didn't apply
- Does not supply valid contact information
- Guarantees you will win an award
- Requires personal financial information (such as, credit card numbers or checking account numbers to verify or hold a scholarship)

How do I recognize a legitimate scholarship service?

A legitimate service:

- Sends information about awards when you request it
- Makes contact information available upon request
- Does not guarantee you will win an award
- Should not direct you to a fee-based provider because they know that financial aid information is readily available for free

What if you suspect a scam?

- Save all of the forms you receive from the company
- Keep copies of written details about the offer and any correspondence, emails or other paperwork
- Make sure all materials are dated
- Take notes during seminars and phone conversations (record the date, time, phone number and the person's name with whom you spoke)
- Include a detailed account of your conversation
- Take a copy of all literature and correspondence concerning the scholarship to your school's counseling office. They can verify the foundation is legitimate.

Report suspected scams to the following organizations:

National Fraud Information Center (NFIC)

Ph: 800-876-7060 Web: www.fraud.org

Federal Trade Commission (FTC)

Ph: 877-FTC-HELP (1-877-382-4357)

Web: www.ftc.gov

State Attorney General's Office

Visit your state's Web site to obtain state attorney general's contact information. Ask them about filing a complaint with the Bureau of Consumer Protection in your state.

Better Business Bureau (BBB)

Visit www.bbb.org for information on your local office.

US Postal Inspection Service (USPIS)

Ph: 800-654-8896

Web: www.usps.gov/postalinspectors/fraud

Popular (But False!) Claims

"For a small fee, we'll give you a list of scholarships."

- Never spend money on a fee-based matching service. The biggest and best award databases are available for free on the Internet.

"We'll help you complete complicated forms."

- Information about the Free Application for Federal Student Aid (FAFSA) and other forms is available for free from your guidance counselor, your library and the Department of Education. You still have to fill out the same basic information for a fee-based service that you would for the FAFSA; how else would they get your information?
- For general financial aid or FAFSA related questions call 800-4-FED-AID (800-433-3243) or visit www.finaid.org

"You are guaranteed a minimum of \$1000 in awards."

- A service can't guarantee any scholarships because they have no control over the scholarship judge's decisions.

"We have a 96% success rate."

- These false success rates indicate the percentage of students they've successfully matched with the database, NOT the number of students who actually receive money.

"We'll need a bank account/credit card number to verify your information."

- Your bank account and credit card information is confidential. A legitimate scholarship provider won't ask for this information.

"We will do all the work for you."

- To win a legitimate scholarship, you must submit your own applications, write your own essays and solicit your own letters of recommendation

Financial Aid Seminars & Consultants

How do I protect myself from being scammed by a consultant or financial aid seminar?

Consultants

- When choosing to use the services of a consultant, consider their qualifications carefully. Find someone who has worked as a financial aid administrator, CPA or CFP.

Seminars

- Some seminars will state that their presentation is free and use high pressure tactics to get you signed up for their service, while only answering questions after you agree to pay a fee. Keep in mind that no one can find loopholes to help you save money. Don't trust anyone who encourages you to do something unethical. If you falsify financial aid forms, you can end up with a \$20,000 fine, be sent to prison or both. If you need help with your financial aid paperwork or understanding the process, contact your financial aid office as soon as possible.

Quick Reference Guide for College Students

2009-2010 Planning Calendar

September

- Make sure to complete any remaining financial aid paperwork, and contact your financial aid office if you have any question or concerns with your awards.
- Take a financial literacy mini-course, if offered by the college or university.
- Set up a budget and time management calendar for the year, including financial aid and scholarship deadlines.
- Visit your academic advisor/career center to discuss courses, career-building and other activities.
- Gather financial aid records and materials you need for the FAFSA. The form is available January 1st at www.fafsa.gov.
- Join clubs and community services groups in your areas of interest.
- Search for scholarships at www.fastweb.com and apply for scholarships.
- Build relationships with professors, counselors and activity supervisors. This will help you obtain recommendations for jobs and graduate school.

October

- Complete the FAFSA as soon as possible after January 1 to increase your chances of receiving financial aid.
- Check your FastWeb search results for new scholarships.
- Apply for scholarships.
- Maintain a resume that includes academic records, extracurricular activities, honors and volunteer work.
- Prepare for summer by searching early for jobs, internships and volunteer opportunities.

November - National Scholarship Month

- Meet with your faculty advisor to discuss plans for summer and next fall.
- Keep track of your student loans by maintaining a folder of all documents from the lender. Are you borrowing too much?
- Register for fall classes.
- Check your FastWeb search results for new scholarships.
- Renew your financial aid package for next year.
- Don't forget to visit the Internal Revenue Service (IRS) website, <http://www.irs.gov/individuals/students/>, to learn about education tax benefits that can save you a little money on your federal income taxes.
- Explore options such as study abroad, double major, co-op programs, international internships, mentoring programs, and independent study.
- Apply for summer jobs, internships, and volunteer opportunities.

**Visit www.fastweb.com
to access over \$4 billion
in scholarship money!**

Web Resources

Information about Financial Aid

Fastweb's College Gold.....www.collegegold.com
 Federal Student Aid for Students....<http://studentaid.ed.gov>
 FinAid.....www.finaid.org
 Mapping Your Future.....<http://mapping-your-future.org>
 Project Scholarship Scam.....www.ftc.gov/scholarshipscams
 Taxes for Students..... www.irs.gov/individuals/students

Sources of Aid

Scholarship Search.....www.fastweb.com
 *AmeriCorps.....www.americorps.org
 *City Year.....www.cityyear.org
 CSS/PROFILE.....<http://profileonline.collegeboard.com>
 Direct Loans.....www.ed.gov/directloan
 FAFSA (Free App. for Federal Student Aid).....www.fafsa.gov
 FAFSA PIN.....www.pin.ed.gov
 Resources by State.....<http://finaid.org/otheraid/state.phtml>
 *Award upon successful program completion

Prepare for Your Interview

Social Security Administration.....www.ssa.gov
 Selective Service.....www.sss.gov
 Student Gateway to U.S. Government.....www.students.gov
 Study Abroad.....www.studyabroad.com
 U.S. Department of Education.....www.ed.gov

College Admissions and Testing

ACT.....www.actstudent.org
 AP.....www.collegeboard.com/student/testing/ap/about.html
 SAT.....www.sat.org
 PSAT.....www.collegeboard.com/student/testing/psat/about.html
 Admissions Information.....www.admissions.com

Choosing a Major and Career

Career Planning.....www.fastweb.com
 MonsterCollege.....<http://college.monster.com>
 America's Career Infonet.....www.acinet.org
 Bureau of Labor Statistics.....<http://stats.bls.gov>
 Occupational Outlook Handbook.....www.bls.gov/oco

Loan Information

Federal Perkins Loan

Awarded based on exceptional need. Interest is subsidized and fixed at 5%. Favorable benefits may be lost upon consolidation.
REPAYMENT begins 9 months after graduation or dropping below half-time enrollment status.

Federal Stafford Loan

Subsidized:
 Interest accrues starting 6 months after graduation
 Fixed interest rate is 5.6% if loan originated on/after July 1, 2009 for undergraduate students.

Unsubsidized:
 Interest accrues during school
 Fixed interest rate is 6.8% if loan originated on/after July 1, 2006.
 On loans first dispersed on or after July 1, 2009, annual limits have increased by \$2,000 for independent and dependent undergrads.
REPAYMENT begins 9 months after graduation or dropping below half-time enrollment status.

Federal Stafford Loan Limits

Dependent freshmen: \$5,500
 Independent freshmen: \$9,500
 (max \$3,500 in subsidized loans)

Dependent sophomores: \$6,500
 Independent sophomores: \$10,500
 (max \$4,500 in subsidized loans)

Dependent Junior/Senior: \$7,500
 Independent Junior/Senior: \$12,500
 (max \$5,500 in subsidized loans)

Federal PLUS Loan

If loan originated on/after July 1, 2006:
 Direct PLUS fixed interest rate is 7.9%
 FFEL PLUS fixed interest rate is 8.5%
REPAYMENT begins 60 days after full disbursement, or 6 months after student graduates or drops below half-time. Interest continues to accrue during deferment.

Federal Consolidation Loan

Combine federal loans to one payment.
 Fixed interest rate is the weighted average of the loans rounded up to the nearest 1/8 of a % and capped at 8.25%.
 Lower monthly payments through alternate payment plans; however, more interest payments.

Private/Alternative Loan

Eligibility, interest rate and fees based on better credit scores of borrower and cosigner; more expensive than Federal loans.

Repayment Options

Standard – 10 years, level payments
Extended – 12-30 years, level payments
Graduated – payments start small, increase every 2 years (for 12-30 years)
Income Contingent – payment pegged to discretionary income (up to 25 years), capped at 20% (AGI – 100% Poverty Line)
Income-Based – payment pegged to discretionary income (up to 25 years), capped at 15% (AGI – 150% Poverty Line)