FINANCIAL AID CONSULTANTS AND SCHOLARSHIP SEARCH SERVICES FACT SHEET

The financial aid process can be daunting for students and families, creating an opening for individuals offering professional financial aid services. Most popular among these are financial aid consultants and scholarship search companies. While some families have positive experiences and may benefit from using consultants and scholarship search companies, it is important to be aware that the industry also includes providers who charge very high fees and do little more than give out information that is readily available for free. As a wise consumer, you should exercise caution to avoid being taken advantage of and to be sure you fully understand the services that are offered. The following information can assist you in this process.

Financial Aid Consultants

Financial aid consultants usually charge a fee for a variety of services including:

- Preparing financial aid forms;*
- Estimating your resources;
- Estimating your student aid index (SAI);
- Estimating your financial need; and
- Describing the types of federal, state, local, institutional, and private aid programs that are available.

**Paid preparers are prohibited from completing the Free Application for Federal Student Aid (FAFSA®).*

Before you pay for the services of a financial aid consultant, keep the following in mind:

- ***Financial aid administrators and others perform these same services FREE of charge!***
  - Contact the financial aid office at the college or university you would like to attend, a high school college counselor, or the reference librarian at the local public library for information or assistance. Even if you are planning to attend another school, the staff in any financial aid office or a reference librarian should be able to provide you with the same information and assistance that a consultant would provide. College websites, publications, and catalogues are also good sources of information.
- The U.S. Department of Education's website provides aid information at StudentAid.gov.
- You may complete the online FAFSA free of charge on the U.S. Department of Education's website.
- As with all important documents, always keep copies of applications, forms, and correspondence for your files, even if someone has assisted in their preparation.
- Never agree to a fee based on the percentage of aid you receive.
- A financial aid consultant cannot guarantee you financial aid.
- Before hiring a consultant, request a list of references.
- Never sign a blank form.

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- A consultant may charge you for a list of scholarships and grants copied directly from a school's website or publications—information you could easily obtain for free.
  - Certain scholarships and grants awarded by schools and outside organizations are discretionary funds that may or may not be awarded again in subsequent years, even to prior recipients.
- Before engaging the services of a third party, be sure to review available information regarding the legitimacy of financial aid consultants or scholarship search organizations on these websites:
  - U.S. Department of Education: "Avoiding Student Aid Scams"
  - Federal Trade Commission: "How to Avoid Financial Aid and Scholarship Scams"
  - Better Business Bureau: "Scam Prevention Guide"

Scholarship Search Services

Some search services charge a fee to find sources of student financial aid. Many of these services have been in existence for some time; others are relatively new. Search services need to be used with care and only after a thorough investigation of the services they render. The value of the information provided varies widely.

A guarantee that the service will find at least a certain number of aid sources, for instance, might simply mean that the service will tell you that you can apply for the federal student aid programs. There is no need to pay a search service to identify these programs, because information on all of the federal student aid programs is readily available free of charge in any financial aid office, on college or university websites, or on the U.S. Department of Education's website, StudentAid.gov.

A little time and effort on your part browsing the internet, or visiting your school's website, financial aid office, college counseling office, guidance counselor's office, or the reference section of a library, will probably unearth most sources of assistance a search service could identify.

Also, several companies have scholarship search engines available online for free. These include, but are not limited to:

- FinAid
- Big Future by The College Board
- CareerOneStop
- Fastweb

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A Message from the Federal Trade Commission*

Unscrupulous companies advertise through flyers, campus newspapers, social media, direct mail, and websites that they can get students access to millions of dollars in unclaimed grants and scholarships. The Federal Trade Commission (FTC) encourages you to be well-informed about these companies and provides these tips:

1. Determine whether the company actually offers a scholarship or is simply a scholarship search service. If the company claims to provide scholarships, be aware that most scholarship sponsors do not charge up-front fees to apply for funding, and no legitimate scholarship sponsor can guarantee that you will receive a scholarship.
2. Understand that scholarship search services do not provide scholarships. These companies charge a fee to compare your profile with a database of scholarship opportunities and provide a list of scholarships for which you may qualify. They do not provide aid directly to applicants, nor do they help students apply for scholarships.
3. Do not give out credit card or bank account information on the phone or online without getting information in writing. Read the terms and conditions on any provided paperwork before signing. It may be a set-up for an unauthorized charge or withdrawal.
4. **Do not forget the age-old rule: If it sounds too good to be true, it probably is!**

**Adapted from FTC guidance at "How to Avoid Financial Aid and Scholarship Scams".*

Reporting Scholarship Scams and Suspected Financial Aid Fraud

If you believe that you have become a victim of a scholarship scam or financial aid fraud, please report it immediately.

- **U.S. Department of Education's Office of Inspector General (OIG):** Special agents in the OIG investigate fraud involving federal financial aid dollars. The OIG may be contacted by completing a complaint form or by writing to U.S. Department of Education, Office of Inspector General Hotline, 400 Maryland Avenue, SW, Washington, DC 20202-1500.
- **Federal Trade Commission (FTC):** The FTC reviews information related to scholarship scams. The FTC has an online complaint form. The FTC will investigate based on the number of complaints received.