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NEWS RELEASE

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PHEAA Urges Families to be Wary of Financial Aid Offers
Scholarship scam victims are defrauded of \$100 million each year

Harrisburg, PA (January 28, 2010) – The Pennsylvania Higher Education Assistance Agency is warning families that it's the time of year when they may receive offers of assistance for securing money for their college-bound student's education. For a cost, individuals and organizations may offer assistance in finding scholarship money or in completing the FAFSA (Free Application for Federal Student Aid). Regardless of the offer, there are many **free** resources available that provide the best assistance.

"If the offer sounds too good to be true, it probably is," said Representative William Adolph, PHEAA Board Chairman. "These organizations can look legitimate but often produce little bang for the buck."

Some of these organizations are legitimate while others are not. The Federal Trade Commission warns that unscrupulous companies "guarantee" or "promise" scholarships for students. This "guarantee" should be a warning sign. Families can avoid scholarship scams by looking for these types of misleading sales pitches.

1. For a fee, the company will provide a list of scholarship opportunities. If the student receives no awards and attempts to get a refund, they soon realize that conditions are attached to the agreement that makes it impossible to get the refund. Therefore, the request for a refund is denied and the student is out the money.
2. Some companies claim that their information is not available anywhere else. However, they typically use the same scholarship databases that students can access for free, including one of the largest, free scholarship databases available at PHEAA's career and college planning website, **EducationPlanner.org**.
3. Some organizations try to persuade students and their families to send them money to "hold" an award by claiming that "you are a finalist in a scholarship contest." But scholarships are not like sweepstakes – if students haven't applied for an award, they're not likely to be a "finalist" for it.
4. Some questionable organizations have official sounding names, a fancy seal on their letterhead, and a Washington, DC mailing address. This gives unsuspecting families the impression that the organization is somehow affiliated with or endorsed by the federal government, when, in fact, no such relationship exists.

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5. Free scholarship or “financial planning” seminars often end with a sales pitch to “act now or lose out on this opportunity” for a fee. Legitimate organizations do not use pressure tactics.

Students interested in applying for scholarships should contact their school counselor for assistance in identifying local awards and visit EducationPlanner.org's free online scholarship database. Many community, civic and religious groups, as well as businesses, labor unions or postsecondary schools offer scholarships. Merit, scholastic, and special talent scholarships are also available.

Financial aid consultants often charge a fee for a variety of services, including preparing the FAFSA for families. However, paying for assistance is unnecessary considering the many free resources that are available.

“With so many families struggling financially, it just doesn’t make sense to pay for something you can do for free,” said Senator Sean Logan, PHEAA Board Vice Chairman. “There are plenty of free options available to help families through the process, including PHEAA, the federal government, and the financial aid office at the schools they are interested in attending.”

Families can review a detailed explanation of the FAFSA application process, obtain a list of documents needed to complete the application, access practice worksheets and link to the online FAFSA at www.PHEAA.org/FAFSA or www.fafsa.ed.gov. Additionally, PHEAA, in cooperation with the Pennsylvania Association of Student Financial Aid Administrators (PASFAA), offers free FAFSA Completion Events across the Commonwealth from January through April where families can receive individual guidance with questions they may have. Event schedules can be found at PHEAA.org under *Fill Out the FAFSA*.

Families are encouraged to report suspected scams by contacting the Federal Trade Commission at FTC.gov or call 1-877-FTC-HELP.

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About PHEAA

Created in 1963 by the Pennsylvania General Assembly, the Pennsylvania Higher Education Assistance Agency (PHEAA) has evolved into one of the nation's leading nonprofit student aid organizations. Today, PHEAA is a national provider of student financial aid services, serving millions of students and thousands of schools through its loan guaranty, loan servicing, financial aid processing systems and outreach programs. As a nonprofit organization belonging to the Commonwealth of Pennsylvania, PHEAA devotes its energy, resources and imagination to developing innovative ways to ease the financial burden of higher education for Pennsylvania's students, families, schools and taxpayers.