

How to Spot Scholarship Scams

Scholarships are a popular topic of interest for students and families - who wouldn't be interested in money to help pay for your education? Unfortunately, this level of interest also attracts those who are looking to take advantage of you.

As you sort through the information you receive about scholarship programs, keep in mind that not every offer is as good as it seems. If you aren't sure whether a scholarship is legitimate, seek the advice of your counselor, a knowledgeable teacher, or a financial aid administrator at a college or university in your area. Here are a few things to watch out for when you're applying for scholarships.

The company "guarantees" you will win a scholarship.

No legitimate organization can guarantee a scholarship to all applicants just for applying.

Sometimes, a company or organization may say that they will guarantee a refund of any application fees if you do not receive an award. Most of the time this only means that the company "guarantees" that you will receive some form of financial aid. Realistically, almost all students are eligible for some kind of financial aid, since federal student loans qualify as a type of financial aid.

You are invited to a seminar to learn more.

The majority of legitimate scholarship programs do not require you to attend any specific event or activity to apply - all of the information is usually supplied in a packet.

In some scams, you are asked to attend a "seminar" or "information session." At the end, you receive a sales presentation from a skilled consultant that will require you to pay for some service to actually take advantage of the opportunity. Don't fall prey to this - the purpose is to take advantage of you.

You must pay a fee to submit your application.

With some exceptions, most programs do not require any up-front fees to submit with your application. Think about it - if a program is giving money away, wouldn't they have money to administer the program?

It is against the law for nonprofit organizations that provide scholarships to charge an application fee. Even if the fee is minimal, be careful. Ask the organization for the purpose of the fee. If you still want to apply, ask that it be "waived" - this means that you get permission not to pay the fee.

You are pressured to make a decision.

Beware of feeling pressured to make decisions quickly - this is another sign of a scam. If you are told "first-come, first-served," or "your application is required immediately," or the offer uses similar wording, be cautious. The idea behind this type of scam is to get you to act before you can think about what is being offered.

The program's name sounds official.

Most legitimate programs affiliated with government agencies, national nonprofit organizations, or other entities are already fairly well-known. That's why you need to be cautious if you receive an offer from a program that sounds very official or encourages you to think that it is tied to a big program.

Most real programs that are official don't have to present themselves as being official, so be cautious. Other ways that scam artists make their information look official is to use such terms as "national," "governmental," "international," or "U.S." Envelopes may look business-like, or messages printed on the outside may say "important documents enclosed," "your attention is required," or "respond immediately."

You receive information without requesting it or knowing where it came from.

Unfortunately, companies have access to a lot of information about you and your family these days. This includes information that tells them you may soon be going to college or are looking for financial aid.

Scam artists may buy mailing lists from others that include this information. A big sign of a scam is receiving information from a company or organization that you have not contacted or that you are not familiar with. That is why it is important that you keep in contact with your teachers and counselors, and ask them to tell you if they have requested information on your behalf.

Source: TASFAA 2003 High School Workbook, Texas Association of Student Financial Aid Administrators (<http://www.tasfaa.org>)