

WARNING! FINANCIAL AID
CONSULTANTS - *PROCEED*
WITH CAUTION!

*What your Students and
Parents Need to Know*

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FINANCIAL AID CONSULTANTS

- What are they?
- Who are they?
- What do they do?

US VS. THEM?

- Aren't we all in the business of helping students?
- Can't everyone just get along?
- Why is it important here?

WHAT ARE SOME OF THE “TRICKS OF THE TRADE?”

- Don't show me the money!
- Spend, don't save
- “OK, I'll write down a number”
- Refinance your mortgage
- Not so fast, Grandpa
- Trust me, you can't figure this out

SO WHAT'S WRONG WITH ALL THIS?

- Isn't this the same as your accountant finding tax deductions?
- Why shouldn't my students get the best possible package?
- If this is such foolproof advice, wouldn't a family have to be nuts *not* to go to a consultant?

WHAT ELSE IS LURKING OUT THERE?

- Scholarship scams
- www.fafsa.com, www.fafsaonline.com
and other FAFSA completion sites

SCHOLARSHIP SCAM WARNING SIGNS

- Fees charged for the information
- Credit card or bank account information required
- “We guarantee it or your money back” or “we charge you based on a percentage of the aid you receive”
- “You do nothing”
- No contact information, PO Box address

MORE SIGNS OF SCAMS

- “I didn’t apply for this”
- Pressure tactics
- Official sounding name
- Hard to get an answer to questions
- Remember – if it sounds too good to be true...

WHAT IF YOUR STUDENTS HAVE BEEN SCAMMED?

- FTC - www.ftc.gov/scholarshipcams
- Better Business Bureau – www.bbb.org
- National Fraud Information Center –
www.fraud.org
- Go Postal!
www.usps.com/postalinspectors/fraud

LAW & ORDER – FINANCIAL AID CONSULTANTS UNIT

- Federal Trade Commission's Project \$cholar\$cam – estimated 175,000 victims, \$22 million lost
- Many other victims convicted by local authorities

IS THIS A SCAM?

- www.fafsa.com
 - Charge \$79.99 for the first FAFSA, \$189.99 for a four year “subscription” and \$14.99 for single phone calls
 - Imply that they simplify the process
 - Imply an endorsement from the US Department of Education
 - Deliberately misleading web address

WHAT ABOUT THIS ONE?

- www.fafsaonline.com
- Offers “secrets” such as “save for retirement,” “fill out your FAFSA correctly,” “apply on time” and “apply for one of our parent company’s loans!”
- All for only \$49.99 (after you’ve clicked on about a dozen links)

CONSULTANT RESULTS

- Family has paid money
- Maybe got more aid as a result, maybe (or most likely) not
- Impact on taxes, liquidity of savings, etc?
- If successful, less aid for someone who can't afford a consultant

WHAT CAN WE DO? WHAT SHOULD WE DO?

- Make families aware
- Watch out for “free seminars”
- Seek training from CAPFAA and other sources
- Find a financial aid professional to present at your school and advertise the event heavily