



## Financial Aid Consultants and Scholarship Search Services Fact Sheet

As the financial aid process has become more complex, there has been a significant increase in the number of individuals offering professional financial aid services to students and their families. Most popular among these are financial aid consultants and scholarship search companies. Some families sing the praises of certain consultants and scholarship search companies. However, the industry also includes "bad apples" who charge very high fees and who do little more than provide 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 should help.

### Financial Aid Consultants

---

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

- Preparing the Free Application for Federal Student Aid (FAFSA) and other financial aid forms;
- Estimating your resources;
- Estimating your expected family contribution (EFC);
- Estimating your financial need; and
- Describing the types of federal, state, local, institutional, and private aid programs that are available.

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

- ***A financial aid administrator performs these same services FREE of charge!***
  - Contact the financial aid office at a local college or university or the reference librarian at the 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 Web sites, publications, and catalogs are also good sources of information.
- The Internet is an excellent method of obtaining free student financial assistance information. In particular, the U.S. Department of Education's Web site provides aid information at <http://studentaid.ed.gov/PORTALSWebApp/students/english/index.jsp>.
- You may complete the FAFSA free of charge on the U.S. Department of Education's FAFSA on the Web site at [www.fafsa.ed.gov](http://www.fafsa.ed.gov).
  - If a consultant is preparing a paper FAFSA on your behalf, always review and sign the FAFSA after it has been prepared and mail it yourself by the required deadline.
  - The consultant's fee should be refundable if he or she completes the FAFSA incorrectly.
- As with all important documents, always keep copies of the FAFSA and other 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 that 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.
- A consultant may charge you for a list of scholarships and grants copied directly from a school's Web site 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.
- Check the legitimacy of a financial aid consultant or scholarship search organization on these Web sites:
  - U.S. Department of Education -- [www.studentaid.ed.gov/students/publications/lsa/index.html](http://www.studentaid.ed.gov/students/publications/lsa/index.html);
  - Federal Trade Commission: <http://www.ftc.gov/bcp/conline/edcams/scholarship/index.shtml>; and
  - Better Business Bureau: [www.bbb.com](http://www.bbb.com).

## Scholarship Search Services

---

Many search services charge a fee to find sources of student financial aid. Some 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 or on the U.S. Department of Education's Web site at <http://studentaid.ed.gov/PORTALSWebApp/students/english/index.jsp>.

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

Also, several companies have also made scholarship search engines available on the Internet to students for free. These include, but are not limited to:

- FinAid on the Web - [www.finaid.org](http://www.finaid.org);
- The College Board - [http://apps.collegeboard.com/cbsearch\\_ss/welcome.jsp](http://apps.collegeboard.com/cbsearch_ss/welcome.jsp) ;
- FastWeb - [www.fastweb.monster.com](http://www.fastweb.monster.com);

## **A Message from the Federal Trade Commission**

---

*Many companies advertise through flyers, campus newspapers, direct mail, and Web home pages 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:*

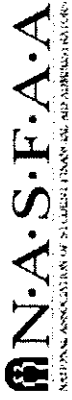
- 1. Determine whether the company is actually offering a scholarship or is simply a scholarship search service. If the company claims to actually award a scholarship, be aware that most scholarship sponsors do not charge up-front fees to apply for funding, and no legitimate scholarship sponsor can guarantee that you will win an award.*
- 2. Understand that scholarship search services do not award scholarships. These companies charge a fee to compare your profile with a database of scholarship opportunities and provide a list of awards for which you may qualify. They do not provide awards directly to applicants, nor do they help students apply for the awards. Some will list scholarships even if the application deadlines are past.*
- 3. Don't give out credit card or bank account information on the phone or over the Internet without getting information in writing first. It may be a set-up for an unauthorized charge or withdrawal.*
- 4. Don't forget the age-old rule: If it sounds too good to be true, it probably is!*

## **Reporting Scholarship Scams and Suspected Financial Aid Fraud**

---

If you feel 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): The OIG may be contacted by calling its hotline at 1-800-MIS-USED (1-800-647-8733), e-mailing [oig.hotline@ed.gov](mailto:oig.hotline@ed.gov), or by completing a complaint form available at <http://www.ed.gov/about/offices/list/oig/hotline.html>. Special agents in the OIG investigate fraud involving federal financial aid dollars.
- Federal Trade Commission (FTC): The FTC has an on-line complaint form at [www.ftc.gov/scholarshipscams](http://www.ftc.gov/scholarshipscams) and a hotline at 1-877-FTC-HELP (1-877-382-4357; teletype for the hearing impaired: 1-866-653-4261). The FTC will investigate based on the number of complaints received.



## Student Aid Program Summary

Most federal student aid is need-based, taking into account an expected family contribution (EFC). Need-based financial aid comes in three basic types:

1. **Grants and scholarships**, which are considered gift aid and generally don't have to be paid back (sometimes a repayment is required if a student withdraws);
2. **Work-study**, which is money that you earn by working part-time while in school; and
3. **Loans**, which are funds that you (or your parent) borrow and must be paid back, usually after you leave school.

The following chart details the main federal student aid programs administered by the U.S. Department of Education. Not all schools participate in all of the programs listed.

Program	Description	Application	Annual/Aggregate Amounts	Eligibility	Repayment Required
<b>Federal Pell Grant</b>	Grant program (Portable)	FAFSA required annually	<ul style="list-style-type: none"> <li>• Annual minimum and maximum vary</li> <li>• \$890 minimum for 2008-09<sup>1</sup></li> <li>• \$4,731 maximum for 2008-09<sup>1</sup></li> <li>• Receive for a maximum of 18 semesters</li> </ul>	<ul style="list-style-type: none"> <li>• Undergraduate students without first baccalaureate or professional degree</li> <li>• Certain students enrolled in a post-baccalaureate teaching certification program</li> <li>• Based on need</li> </ul>	No
<b>Academic Competitiveness Grant (ACG)</b>	Grant program (Portable)	FAFSA required annually	<ul style="list-style-type: none"> <li>• \$750 first year students</li> <li>• \$1,300 second year students</li> </ul>	<ul style="list-style-type: none"> <li>• Federal Pell Grant recipient</li> <li>• Completed a rigorous secondary program of study</li> <li>• Enroll at least half time</li> <li>• 3.0 GPA (for second year)</li> <li>• Completed secondary school after January 1, 2006, for first year students and after January 1, 2005, for second year students</li> </ul>	No

<sup>1</sup>In addition to the General Student Eligibility Requirements

<sup>1</sup>Congress has not yet passed legislation determining award amounts for the 2009-10 award year.

Program	Description	Application	Annual/Aggregate Amounts	Eligibility*	Repayment Required
National Science and Mathematics Access to Retain Talent (SMART) Grant	Grant Program (Portable)	FAFSA required annually	<ul style="list-style-type: none"> <li>\$4,000 for each of the third and fourth years of an academic program</li> </ul>	<ul style="list-style-type: none"> <li>Federal Pell Grant recipient</li> <li>Pursue an eligible major<sup>2</sup></li> <li>3.0 GPA</li> <li>Enroll at least half time</li> </ul>	No
Teacher Education Assistance for College and Higher Education (TEACH) Grant	Grant Program (Conditional) <sup>3</sup> (Portable) <sup>4</sup>	FAFSA required for 2009-10	<ul style="list-style-type: none"> <li>\$4,000 annual maximum</li> <li>\$16,000 undergraduate aggregate limit (includes postsecondary certification)</li> <li>\$8,000 graduate aggregate limit</li> </ul>	<ul style="list-style-type: none"> <li>3.25 GPA or qualifying score on admissions test</li> <li>Agree to teach full time for at least 4 years within 8 years of graduation at a school serving a high percentage of low income students (Title I schools)</li> <li>Agree to teach a specific subject</li> </ul>	Repayment required if student does not fulfill teaching requirement; grant funds become a Direct Unsubsidized Stafford Loan
Federal Supplemental Educational Opportunity Grant (FSEOG)	Campus-based grant program; funds awarded by institution	FAFSA required annually	<ul style="list-style-type: none"> <li>\$100 annual minimum</li> <li>\$4,000 annual maximum (students on approved study abroad programs may receive up to \$4,400)</li> <li>No aggregate limit</li> </ul>	<ul style="list-style-type: none"> <li>Undergraduate students without baccalaureate or professional degree</li> <li>First priority given to Federal Pell Grant recipients with "exceptional financial need" (defined by law)</li> </ul>	No
Federal Work-Study (FWS)	Campus-based employment program; funds awarded by institution	FAFSA required annually	<ul style="list-style-type: none"> <li>No minimum or maximum</li> <li>Award amount is dictated by school policy</li> </ul>	<ul style="list-style-type: none"> <li>Undergraduate and graduate students</li> <li>Based on need</li> </ul>	No

\*In addition to the General Student Eligibility Requirements

<sup>2</sup>As determined by the U.S. Department of Education in the fields of physical, life or computer sciences, mathematics, technology, engineering, or a critical foreign language.

<sup>3</sup>Failure to meet teaching obligation results in conversion of grant to unsubsidized Direct Stafford Loan

<sup>4</sup>Depending on institutional participation

Program	Description	Application	Annual/Aggregate Amounts	Eligibility*	Repayment Required
Federal Perkins Loan	Campus-based loan program; funds awarded by institution; 5% interest	FAFSA required annually; Master Promissory Note (MPN)	<ul style="list-style-type: none"> <li>\$5,500/year undergraduates</li> <li>\$8,000/year graduate students</li> <li>\$11,000 aggregate limit for students who have not yet completed 2 years of undergraduate program</li> <li>\$27,500 undergraduate aggregate limit</li> <li>\$60,000 combined undergraduate and graduate aggregate limit</li> <li>Study Abroad: Annual and aggregates exceeding above noted amounts by as much as 20%</li> </ul>	<ul style="list-style-type: none"> <li>Undergraduate and graduate students</li> <li>First priority given to students with exceptional need (defined by school)</li> <li>Must first have determination of eligibility/ineligibility for Federal Pell Grant</li> </ul>	Yes; begins 9 months after cessation of at least half-time enrollment; deferment and cancellation provisions available
Federal Family Education Loan (FFEL)/Federal Direct Student Loan (Direct Loan)--- Subsidized and Unsubsidized Stafford Loans**	FFEL funds from private lenders; Direct Loan funds from federal government; 6.8% fixed interest rate	FAFSA required annually; MPN obtained from FFEL school or lender or from Direct Loan school	<ul style="list-style-type: none"> <li>\$3,500 1st year undergraduates</li> <li>\$4,500 2nd year undergraduates</li> <li>\$5,500 each remaining undergraduate year</li> <li>Undergraduate annual limits prorated for programs and remaining periods of enrollment less than an academic year</li> <li>\$2,625 for preparatory coursework necessary to enroll in undergraduate program<sup>5</sup></li> <li>\$5,500 for preparatory coursework necessary to enroll in graduate or professional degree program if already have baccalaureate<sup>5</sup></li> <li>\$5,500/year for teacher certification if already have baccalaureate</li> </ul>	<ul style="list-style-type: none"> <li>Undergraduate and graduate students enrolled at least half-time</li> <li>Must first have determination of eligibility/ineligibility for Federal Pell Grant</li> <li>Must determine eligibility for subsidized Stafford Loan before determining eligibility for unsubsidized Stafford Loan</li> <li>Interest subsidy based on need</li> <li>Unsubsidized funds may be used to replace EFC</li> </ul>	Yes; begins 6 months after cessation of at least half-time enrollment; deferment possible; no interest subsidy on unsubsidized loan

\*In addition to the General Student Eligibility Requirements

\*\*School usually participates in either FFEL or Direct Loan Program; loan terms are similar under both programs

<sup>5</sup>FFEL/Direct Loan eligibility is limited to one 12-month period for student enrolled in preparatory coursework

Program	Description	Application	Annual/Aggregate Amounts	Eligibility <sup>6</sup>	Repayment Required
Federal Family Education Loan (FFEL)/Federal Direct Student Loan (Direct Loan)—Subsidized and Unsubsidized Stafford Loans <sup>**</sup> (cont'd)	Same as subsidized Stafford Loan	FAFSA required annually; MPN obtained from FFEL school or lender or from Direct Loan school	<b>Annual/Aggregate Amounts</b> <ul style="list-style-type: none"> <li>• \$8,500/year for graduate and professional students</li> <li>• \$23,000 undergraduate aggregate subsidized limit</li> <li>• \$65,500 combined undergraduate and graduate aggregate subsidized limit</li> </ul>	<ul style="list-style-type: none"> <li>• Must have determination of eligibility/ineligibility for Federal Pell Grant</li> <li>• Must determine eligibility for subsidized Stafford Loan before determining eligibility for additional unsubsidized Stafford Loan</li> <li>• May be used to replace EFC</li> </ul>	Yes; same as subsidized Stafford Loan
<b>FFEL/Direct Loan—Additional Unsubsidized Stafford Loan<sup>**</sup></b>	Same as subsidized Stafford Loan	FAFSA required annually; MPN obtained from FFEL school or lender or from Direct Loan school	<b>Annual Loan Limits</b> <p>Dependent undergraduates whose parents <b>can borrow</b> a PLUS:</p> <ul style="list-style-type: none"> <li>• \$2,000/year</li> <li>• Undergraduate annual limits prorated for programs or remaining periods of enrollment less than an academic year</li> </ul> <p>Dependent students whose parents <b>cannot borrow</b> a PLUS:</p> <ul style="list-style-type: none"> <li>• \$6,000/year 1st and 2nd undergraduate year</li> <li>• \$7,000 each remaining undergraduate year</li> <li>• Undergraduate annual limits prorated for programs or remaining periods of enrollment less than an academic year</li> <li>• \$7,000/year for teacher certification</li> <li>• \$6,000 for preparatory coursework necessary to enroll in undergraduate program<sup>5</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Must have determination of eligibility/ineligibility for Federal Pell Grant</li> <li>• Must determine eligibility for subsidized Stafford Loan before determining eligibility for additional unsubsidized Stafford Loan</li> <li>• May be used to replace EFC</li> </ul>	Yes; same as subsidized Stafford Loan

\*In addition to the General Student Eligibility Requirements

\*\*School usually participates in either FFEL or Direct Loan Program; loan terms are similar under both programs  
<sup>5</sup>FFEL/Direct Loan eligibility is limited to one 12-month period for student enrolled in preparatory coursework

Program	Description	Application	Annual/Aggregate Amounts	Eligibility <sup>4</sup>	Repayment Required
<b>FFEL/Direct Loan— Additional Unsubsidized Stafford Loan** (cont'd)</b>			<p>Independent students:</p> <ul style="list-style-type: none"> <li>• \$6,000/year 1st and 2nd undergraduate year</li> <li>• \$7,000 each remaining undergraduate year</li> </ul> <p>Undergraduate annual limits prorated for programs or remaining periods of enrollment less than an academic year</p> <ul style="list-style-type: none"> <li>• \$12,000/year graduate or professional students</li> <li>• \$7,000/year for teacher certification</li> <li>• \$6,000 for preparatory coursework necessary to enroll in undergraduate program<sup>5</sup></li> <li>• \$7,000 for preparatory coursework necessary to enroll in graduate or professional degree program if already have baccalaureate</li> </ul> <p><b>Aggregate Loan Limits</b></p> <p>Dependent undergraduates whose parents <b>can borrow</b> PLUS: \$31,000 minus outstanding subsidized amounts</p> <p>Dependent undergraduates whose parents <b>cannot borrow</b> PLUS and independent undergraduates: \$57,500 minus outstanding subsidized amounts</p> <p>Independent graduate, professional, or post-baccalaureate students: Defined by the Department of Education</p>		

\*In addition to the General Student Eligibility Requirements

\*\*School usually participates in either FFEL or Direct Loan Program; loan terms are similar under both programs

<sup>5</sup>FFEL/Direct Loan eligibility is limited to one 12-month period for student enrolled in preparatory coursework



Program	Description	Application	Annual/Aggregate Amounts	Eligibility*	Repayment Required
<b>FFEL/Direct PLUS**</b>	FFEL funds from private lenders; Direct Loan funds from federal government; 8.5% fixed interest rate for FFEL PLUS and 7.9% fixed interest rate for Direct Loan PLUS	Some schools may require FAFSA; PLUS MPN obtained from FFEL school or lender or from Direct Loan school	No annual or aggregate amounts, except parent or graduate/professional student may not borrow more than difference between cost of attendance and other financial assistance student expects to received	<ul style="list-style-type: none"> <li>• Natural and adoptive parents (and stepparents if included on FAFSA) of eligible dependent undergraduates enrolled at least half time and graduate/professional students</li> <li>• No adverse credit history</li> <li>• Must not be in default on a federal loan</li> <li>• Must be a U. S. citizen or eligible noncitizen</li> <li>• May be used to replace EFC</li> </ul>	Yes; begins 60 days after fully disbursed

\*In addition to the General Student Eligibility Requirements

\*\*School usually participates in either FFEL or Direct Loan Program; loan terms are similar under both programs