

# Let's Talk Finances

---

## Steer Clear of Student Aid Scams



By Charles Schmalz  
President of  
East Wisconsin Savings Bank

Between sending out applications, choosing a major, and securing funding for your education, preparing for college can be overwhelming. Unfortunately, there's no shortage of scammers that are ready and willing to take advantage of you during this busy, exciting, and often confusing part of your educational career. Here are some tips that can help keep your finances safe when applying for student aid.

### **Know where to turn for help**

Filling out the FAFSA (Free Application for Federal Student Aid) form can be a time-consuming and overwhelming process — that's why some scammers charge for help navigating the process. Scammers often use this tactic to steal both your money and your personal information. Fortunately, there are plenty of free resources to help you get the most out of your FAFSA. Instead of using a paid service, visit your school's financial aid department for personalized guidance. The FAFSA website ([studentaid.gov](http://studentaid.gov)) also offers free resources, and the Federal Student Aid Information Center can provide help for every step of the application process.

### **You don't always get what you pay for**

While it's legal for companies to charge a fee to help with and provide guidance for filling out complicated forms, scammers tend to overpromise and under-deliver. For example, even if a company claims to offer a guarantee that you'll receive financial aid, you may end up spending more money in service fees than you'll receive through the scholarships and grants they find for you. In addition, illegitimate service providers tend to use high-pressure or fear-inducing tactics in their advertising. To help safeguard your financial future, avoid companies with advertising that uses hyperbolic language and preys upon your fear of missing out.

### **Safeguard your identity**

Scammers can leverage your search for financial aid to steal your identity. To protect your data, follow a few simple guidelines.

- Only seek federal student aid by applying through official routes.
- Limit yourself to using [FAFSA.gov](http://FAFSA.gov) on a private computer, and be sure to log out and close your browser once you finish applying for aid — this cleans out all data related to your session, so hackers can't steal it later. If you don't have access to a private computer, you can still apply securely through the official myStudentAid app, available for Android and iOS.
- Scammers may claim that you've earned a scholarship, but need your personal and financial information to charge you a small processing fee before you can access the money. Be aware that no real scholarship will have these fees tacked on — they're just tactics to steal your identity.
- StudentAid.gov warns you to never give out your personal information to third parties, even if they're assisting you in applying for aid.
- Keep every financial-aid-related document you receive in the mail in a secure place, where snooping roommates won't be able to steal your information.

## **Spotting student loan scams**

Student loans may enable you to further your education, but they can also be a source of stress. Scammers try to exploit this by offering to sell you services that you can receive for free from the U.S. Department of Education. For instance, this government organization can help you negotiate a payment plan that fits your budget, consolidate your loans and check if you can receive loan forgiveness, all free of charge. Furthermore, StudentAid.gov cautions that student loan scams frequently demand upfront payments, request your private account information, and ask you to consent to their power-of-attorney or third-party legal agreements – all bad ideas. You will also want to avoid working with companies that pressure you to act quickly and send out typo-ridden advertisements.

Minding these red flags can save you time, money and stress. If you're ever unsure about the legitimacy of a financial aid offer or service, consult with your school's financial aid office for more information. You can also consult the Federal Trade Commission website ([ftc.gov](http://ftc.gov)) for more resources on student loan scams, and browse their database of untrustworthy organizations and individuals that you should avoid.