

Office for Financial Success – Financial Tip of the Week  
A service of the Personal Financial Planning Department  
College of Human Environmental Sciences  
University of Missouri-Columbia  
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**[Step Right Up, Get Your Scholarship Here!](#)**

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It is the time of year that students are being sent opportunities to apply for college, trade association, fraternal, or other scholarships. These are great to have in good times and, perhaps, golden to receive at times when the economy seems to be on her death bed. First, I want to encourage readers to look for the opportunities to market your potential to as many responsible scholarships as possible. It is the case, however, that scams exist in the scholarship arena and I ask you to proceed with caution. Perhaps, when the economy is dragging its knuckles, like the current economy, and indiscriminately bullying everyone on Main Street and Wall Street, we become more susceptible to scams and opportunities to for so called “help”.

#### Scholarship Scams

- Beware of scholarship offers that require an application fee, however small. Scammers can call thousands of people in a short period of time and collect thousands of dollars in fees. These scholarships, if any, can be small and funded by those very fees – while the scammers make off with the gold.
- Be wary of any offer, including scholarships, that indicate that you’ve won a prize (scholarship). This is particularly true if they require you to pay a fee to receive the scholarship.
- Doesn’t it sound good that, if you pay a company \$20 to \$30 in the form of an application fee, they will “search their extensive database of scholarships” and find one that fits your profile? You pay the money, submit the questionnaire, and you never hear from them again or, if you do receive a list, the list is worthless.
- Informational seminars for possible scholarships can be very helpful. They can, however, be illegitimate. If they “sell” anything at these seminars be suspicious.
- Lenders who “cold-call” with offers of below market interest rate loans, with the requirement that you pay a fee to receive the loan.

#### Tips

- Do your homework.

- If you have suspicions, check out scholarship sources with the Federal Trade Commission, the Federal Reserve Bank, or your Attorney General. Report problems as soon as you suspect that you, or a friend, have been ripped-off.
- Get a second opinion about scholarship offers from guidance counselors, your financial aid office, or other public sources of information.
- If an offer seems to be too high-pressure or “too-good-to-be-true” and you feel uncomfortable, do not make a decision. If the source is legitimate, you will be able to contact them at a later date. If it is not legitimate, you’ve still got your money!
- Keep records of contacts by people offering opportunities that seem to be “too-good-to-be-true”. Take notes. Keep a record of phone numbers, email addresses, URLs, and whatever else you think might be useful to a prosecutor.

To Do:

- If you’re interested in looking for scholarships start with your academic institution.
- Visit your guidance counselor, your financial aid office, or a bank/credit union for help.
- Learn more about financial aid at [www.studentaid.ed.gov](http://www.studentaid.ed.gov), [www.ed.gov/finaid](http://www.ed.gov/finaid), [www.collegeboard.com](http://www.collegeboard.com), or [www.finaid.org](http://www.finaid.org).

Today’s economy makes the benefits of an education even more pronounced. Education is an investment that will very likely pay a positive return. No one, moreover, can take that investment away from you. As such, look for financial help, seek legitimate scholarships and other sources of financial assistance to help you reach your educational goals. They are important. Perform your due diligence (i.e., learn everything you can about the scholarship), however, in the same way you would seek information about an investment or a new car. Be thorough. Remember, financial success rarely arrives on the doorstep of Mr. or Ms. Dupe and, if it does, it doesn’t stay long.

<sup>1</sup>Many of the ideas for this article were inspired upon a visit to Tigers Credit Union on the campus of the University of Missouri. Tigers Credit Union is one of four student run credit unions in the United States. It has been helping students finance their needs and protect their money, since 1984.

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