Financial Aid Basics and Scam Warning Signs

Aid comes in four main kinds, each with its own rules. Knowing them, and meeting every deadline, keeps you enrolled and out of avoidable debt.

AFTER THIS GUIDE YOU CAN

- Tell grants, scholarships, work study and loans apart.
- Explain verification and why deadlines matter.
- Describe what keeps aid in good standing from term to term.
- Spot the warning signs of an aid scam.

Key terms

FAFSA	The Free Application for Federal Student Aid. It is free to file and must be filed again for each school year.
Grant	Aid you usually do not repay, often based on financial need.
Scholarship	Aid you do not repay, awarded for merit, need, talent or other criteria.
Work study	A part time job, often on campus, that lets you earn aid.
Subsidized loan	A federal loan for students with need. The government pays the interest while you are enrolled at least half time and during certain other periods.
Unsubsidized loan	A federal loan where interest builds from the day the money is paid out, even while you are in school.
Verification	A routine check where the aid office asks for documents to confirm your FAFSA information.
Satisfactory Academic Progress	Your school's rules for keeping aid: a minimum GPA, completing enough of the credits you attempt, and finishing within a time limit.
Aid hold	A block on your account, often for missing paperwork, that can stop registration or delay aid.
FSA ID	Your username and password for federal aid sites. Never share it with anyone.

The big ideas

- Use aid from the top of the stack down: free money first, earned money next, then federal loans, then private loans only if needed.
- File the FAFSA every year, as early as you can. Some aid is first come, first served.
- Read every email from the aid office. Verification and missing documents have deadlines.
- Grades and completed credits affect aid. Dropping or failing many classes can put aid at risk.
- Before you withdraw from a class or the term, talk to the aid office. It can change what you owe.
- Legitimate aid help is free. Your school's aid office and the official federal aid website never charge to file.

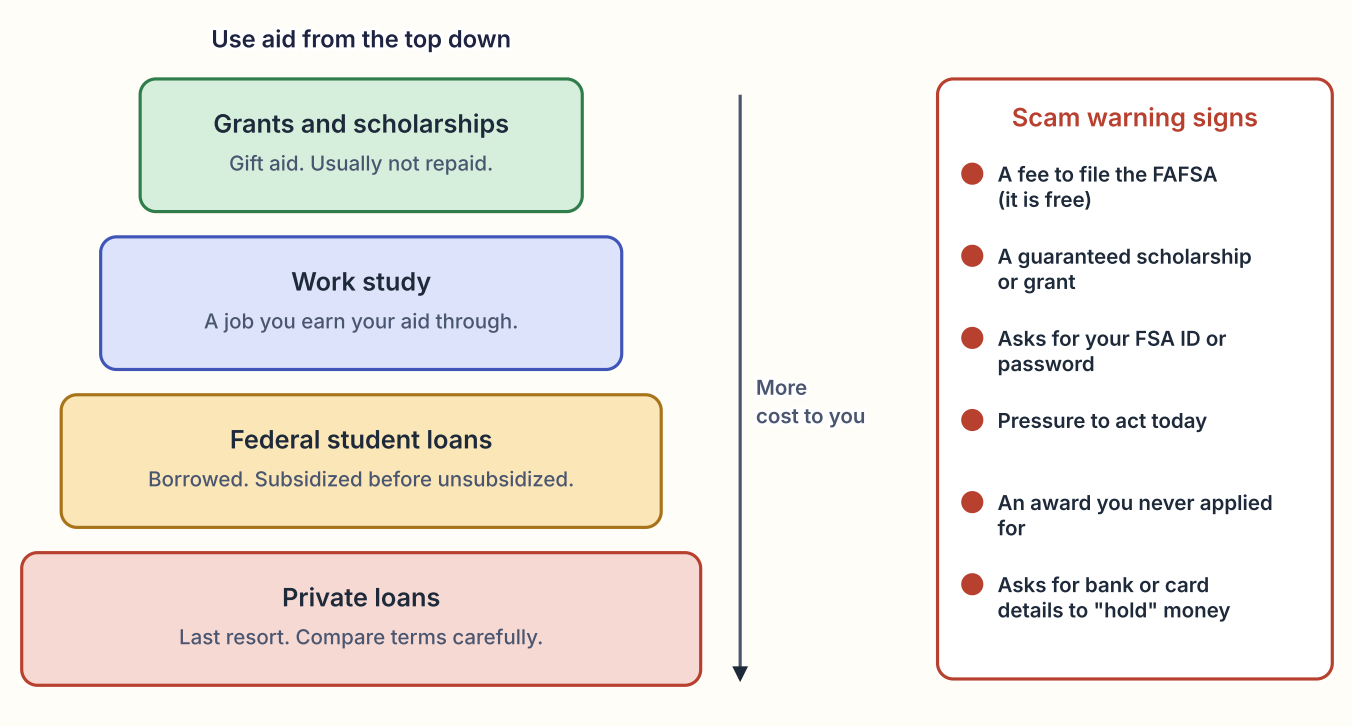

Figure. The aid stack and scam warning signs.

Worked example

Week 6 in Founders Hall. An email says your aid is on hold because you were selected for verification. Mr. Ferreira in the aid office needs four documents within a set deadline.

1. Stay calm: verification is routine and does not mean you did anything wrong.
2. List the four documents and where each one comes from, then set a date to finish well before the deadline.
3. Collect them in order, keep copies, and get a receipt or confirmation for each one you submit.
4. A text offers to "clear your hold today" for a fee and asks for your FSA ID. Ignore it and report it. It has three scam signs.
5. Check your account until the hold is gone, so registration for next term is not blocked.

Common mistakes

- Ignoring aid emails until registration is blocked.
- Taking private loans before using federal aid.
- Thinking a grant can never be affected by grades or withdrawals.
- Sharing your FSA ID with a "helper."
- Paying anyone to file the FAFSA or to "guarantee" a scholarship.

Check yourself

1. Which kind of aid usually does not need to be repaid?
2. What is the main difference between subsidized and unsubsidized federal loans?
3. How often must you file the FAFSA?
4. You were selected for verification. What does that mean?
5. Name two things Satisfactory Academic Progress usually measures.
6. A website charges a fee to file your FAFSA. Real or scam?
7. Who should you talk to before withdrawing from a class?
8. Should you ever share your FSA ID?

Answer key

1. **Grants and scholarships.** They are gift aid.
2. **Who pays the interest while you are in school.** Subsidized interest is covered while enrolled at least half time; unsubsidized interest builds.
3. **Every school year.** Aid is figured fresh each year.
4. **A routine document check of your FAFSA information.** Send the documents before the deadline.
5. **Any two: GPA, share of attempted credits completed, time to finish.** Missing them can cost aid.
6. **Scam warning sign.** The FAFSA is free.
7. **The financial aid office (and your advisor).** Withdrawing can change your aid.
8. **No.** It works like a signature on federal aid documents.

Help is real. If you or a friend are struggling, talk to your campus counseling center. In the United States you can call or text 988 (Suicide and Crisis Lifeline) any time. Outside the US, contact your local crisis line.

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