

NEWS FROM

KHEAA–Alabama

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Money Tip for Students, April 2021

Be wary of student loan repayment companies

If you owe money on federal student loans, you should be wary of sales pitches from companies offering to help borrowers lower their payments, warns KHEAA–Alabama.

Student loans are a trillion-dollar business, and such large sums of money attract unscrupulous characters trying to take advantage of unwary people. Anything such companies want to charge you for doing is something you can do yourself by working with your federal loan servicer.

The U.S. Department of Education warns borrowers to be skeptical about companies that:

- Ask for payment up front and for monthly fees to monitor your account,
- Promise immediate loan forgiveness, or
- Ask for your FSA ID password and a power of attorney.

To avoid falling victim to a scam, start with the servicer the Department of Education has assigned your loan to. Your servicer can tell you what your options are and can help you with the forms you need. If you need help finding your servicer, go to studentaid.gov and click on “Manage loans.” Under that link you can find who your servicer is, as well as detailed information about your options.

KHEAA is a public, non-profit agency established in 1966 to improve students’ access to college. It provides information about financial aid and financial literacy at no cost to students and parents.

The agency also helps colleges manage their student loan default rates and verify information submitted on the FAFSA. For more information about those services, visit www.kheaa.com.

In addition, KHEAA disburses private Advantage Education Loans on behalf of its sister agency, KHESLC. For more information, visit www.advantageeducationloan.com.

For more information about financial aid and college planning, visit www.alstudentaid.com.