

Phase 1

Timeline: August - June

Step 3: Scholarship Search Strategy

There are various scholarship and financial aid sources that can help you pay for your college education. However, you need to create a clear plan; a strategy as to how you are going to execute your search for scholarships and financial aid.

Step 3: Scholarship Search Strategy covers the following topics:

- Scholarship Categories
- Unclaimed Scholarships
- When to start your scholarship search
- How many scholarships to apply for
- Scholarships' eligibility requirements
- Why a \$500 scholarship can make a difference
- Don't tell your little secret
- How to increase your chances of winning scholarships
- How to organize your scholarship search
- How to create your scholarship search strategy
- Where to look for scholarships on web sites
- Is Your Scholarship Tax-Free
- Beware of Scholarship Scams
- Report a Scholarship Scam

Scholarship Categories

As a recap from Step 1: Financial Aid Basics, scholarships are considered gift aid or FREE money, and they do not have to be repaid. Scholarships are awarded to students based on their financial need, merits, and/or academic achievements. Each scholarship will be different including the eligibility requirements, deadline dates and the award amounts.

Some scholarships are awarded to students only one-time and others on a renewable basis. Renewable scholarships are awarded to students for multiple years during their enrollment in school. If you are awarded a renewable scholarship, you must follow the scholarship provider's rules and guidelines to remain eligible for their scholarship each school year.

There are 5 common scholarship categories that you need to understand to help you plan and execute your search for scholarships which are:

- National Awards
- Regional Awards
- State Awards
- School Awards
- Local Awards

Unclaimed Scholarships

Local scholarships are not well publicized and they are often overlooked by students. Some students believe that it is a waste of time to apply for a measly \$500 scholarship and therefore they don't apply for them.

You should definitely search and apply for local scholarships in your community and city, because you will have a better chance of winning local scholarships compared to National, Regional, State and School Awards. Local scholarships typically have strict requirements which limit the number of applicants who are eligible to apply for local scholarships. Also, some students do not apply for local scholarships due to their small award amounts (usually less than \$1,000), which is a huge mistake. You will not win any scholarships, if you don't apply for them! The money is out there if you are willing to work for it. These are just a few reasons why local scholarships go unclaimed each year.

When to start your scholarship search

The summer after completing your junior year of high school and the fall season of your senior year of high school are the best times to start your scholarship search. You need time to research scholarships, request information and application materials, gather supporting documents, and complete professional looking scholarship applications —plus, some scholarships have early deadlines in the fall season of your senior year in high school.

You should apply to every scholarship in which you are eligible for, regardless of the award amount. Every dollar will help you pay for your college education. If you do not meet the eligibility requirements for a scholarship, don't waste your time by applying for that scholarship. The scholarship committee will automatically reject your scholarship application, because you did not meet the scholarship's eligibility requirements or follow the instructions. If you have any questions about your eligibility for a particular scholarship, you should contact the scholarship provider.

Many businesses and organizations send announcements and applications to newspapers, magazines, high school teachers and guidance counselors at the beginning of the school year. Once the school year starts, you should ask any and everyone about possible scholarship opportunities to help you pay for your college education. Being persistent will pay-off.

You should also continue your scholarship and financial aid search all throughout your senior year of high school, after graduating from high school, and during your entire enrollment in college for all years.

How many scholarships to apply for

As a senior in high school, you should consider searching and applying for scholarships and financial aid as your year-round, full-time job. So with that in mind, you should apply to hundreds of scholarships with the goal of applying to over one thousand scholarships for which you are eligible for. Now, you have a goal and something to aim for.

You may be saying to yourself – “That’s impossible!”

“No, it is possible.”

The secrets to applying to over one thousand scholarships are: 1) you must start early, 2) have an organized system, 3) have a search strategy and 4) you can’t be selective.

You must apply to all the scholarships for which you are eligible for, regardless of the award amount, and whether or not you have to write an essay, personal statement or attend a scholarship interview.

Winning scholarships is a numbers game. To be honest with you, the chances of you winning every scholarship that you apply for is unlikely. However, if you apply to over one thousand or hundreds of scholarships, you increase your chances of winning multiple scholarships.



Dollars and Cents Scenario

Let’s say that you applied to 1000 scholarships and you only won 20 scholarships that awarded you \$500 each, which comes out to \$10,000 (20 scholarships X \$500 each) in free money. Well, that’s \$10,000 in student loans that you don’t have to borrow and pay back later with interest. Think about it.

You have to constantly remind yourself that every dollar will add up; and every dollar that you win from a scholarship or grant, is one less dollar borrowed in student loans which reduces your total student loan debt.

I recommend that you apply to scholarships that relate to you such as:

- All General Scholarships
- Scholarships for your general major (such as engineering)
- Scholarships for your specialized major (such as civil engineering)
- Scholarships for Women (if it applies to you)
- Scholarships based on your ethnicity or racial background

- Scholarships based on your religious affiliation
- Scholarships for attending a certain school
- Artistic scholarships
- Athletic scholarships
- First-Generation college scholarships
- Scholarships for students with disabilities
- Scholarships for low-income families
- Scholarships for single parents/moms
- Scholarships for left-handed people

Scholarship's Eligibility Requirements

Before you apply to any scholarships, you should make sure that you meet all the scholarship's eligibility requirements. All scholarships are different! They all have different eligibility requirements, award amounts, and deadline dates. Don't waste your time or the scholarship provider's time, if you do not meet all the scholarship's eligibility requirements, because your scholarship application will be disqualified. If you have any questions about the scholarship, you should contact the organization offering the scholarship.

Why a \$500 scholarship can make a difference.

You may be asking yourself, "Is it worth applying for a measly \$500 scholarship?"

My response to your question is, "YES!"

Remember, scholarships are free money and you do not have to pay this money back. Let's say that you decide not to apply for that \$500 scholarship today. However, when school starts, you may find yourself on campus in need of \$500 or more for tuition, books, supplies, lab fees or all of the above.

To be honest with you, you can easily spend more than \$500 on books and supplies each school term.

So here are your options when you don't apply for that measly \$500 scholarship to help you out:

- **Borrow \$500**

You can borrow \$500 by taking out a student loan. If you take out a student loan, you will have to repay that money back to the lender with interest that's added to the \$500 that you borrowed. Interest is a fee for borrowing money from a lender.



Dollars and Cents Scenario

Let's say that you borrowed \$500 with an interest rate of 4%. If you decide to pay off that student loan in one year at an interest rate of 4%, you will pay approximately \$9.37 in interest plus the \$500 borrowed for a total of \$509.37.

Now, you may be saying to yourself, “That's not a lot of money.” But, here's the catch - if you borrowed money for this one term or semester to help you buy books and pay for your college tuition, most likely you will have to borrow more money next semester and possibly your remaining years of college. Now, your student loan debt has steadily increased and the interest on the student loans increased also, therefore pushing you further and further into major student loan debt.



Note: Most students choose not to make any payments on their student loans until after they leave or graduate from college. And then, they will select a repayment plan of maybe 10 or 25 years, dependent on the loan amount, to pay back all of their student loans. Just a side note: there are different student loan repayment plans for you to choose from which is dependent on the lender.

Before you decide to borrow \$500, I highly recommend that you use the US Department of Education's loan repayment calculator at StudentAid.gov or some type of online student loan calculator to help you determine how much you will be repaying in interest to the lender over 5, 10 and 20 years. I'm sure you will be surprised as to how much money you'll be repaying to the student loan lender over time.

- **Charge \$500**

You can charge \$500 on your credit card. Using your credit card is just like borrowing money, because you have to repay that money back to the credit card company with interest.

Credit cards have higher interest rates of 19 to 30 percent compared to student loans with an interest rate of 4 to 8 percent. Each credit card company will determine the interest rate for each borrower, which is dependent on several factors such as your credit scores and credit reports. And if you are ever late making a payment, you will be charged a late fee of at least \$25 or more and your interest rate will skyrocket.



Dollars and Cents Scenario

Let's say that you decided to swipe your credit card to charge \$500 at an interest rate of 19.99 percent, you only paid the minimum payment of \$20 per month. The \$500 credit card charge for your books for one school term will take you three years to pay off the credit charges; and you will easily pay back \$153 in interest fees plus the \$500 credit card charge. So the total amount that you will pay back to the credit card company is \$653.

I used the Federal Reserve's credit card repayment calculator (<http://www.federalreserve.gov/creditcardcalculator/Default.aspx>) to determine the minimum monthly payment and interest rate fees. You should use this calculator to help you determine if you should charge \$500 on your credit card or apply for that \$500 scholarship.



Most college students only make the minimum monthly credit card payment. It typically takes longer than a year to pay off their credit card, because most students will continuously charge more stuff on their credit card throughout the school year. If you take this route, you will find yourself in major credit card debt.

- **Earn \$500**

You can earn \$500 by working a part-time job during the summer and/or during the school year. The federal minimum wage varies for each state in which the average minimum wage is between \$7 and \$9 dollars per hour. Before you start working, you must determine, if you will have time to attend your classes, study and work a part-time job. Remember, school and passing each class is your priority.

**Dollars and Cents Scenario**

Let's say that you were hired as a part-time worker at the school's library that will pay you \$8/hour. You will have to work 62 ½ hours at a pay rate of \$8 per hour to earn \$500. Now compare that to spending a few hours just to complete one \$500 scholarship application.

- **Withdraw \$500**

You can withdraw \$500 from your checking or savings account and use that money to pay for your books; or if you don't have any money in your checking or savings account, you can ask your parents to withdraw \$500 from their checking, savings or retirement account. If your parents don't have the money, they may have to work overtime to earn the money for you or you may have to do it yourself.

You have a choice to make...

After reviewing all of your options, you have a choice to make. You can either take a few hours to complete a \$500 scholarship application or decide to borrow, charge, earn or withdraw \$500. So, what seems like a lot of work for completing a \$500 scholarship application can actually save you from having to do a lot more work for the same amount of money in the future.

I highly recommend that you apply for every \$500 scholarship that you are eligible for. Think about it, if other students thought the same way you did before taking this section, they wouldn't think about applying for a measly \$500 scholarship.

And because you have now changed your mind and decided to apply for every \$500 scholarship, you have just increased your chances of possibly winning multiple scholarships, because of less competition due to students not applying for that measly \$500 scholarship. The odds of winning a \$500 scholarship are now in your favor.

Don't Tell Your Little Secret

If you find a scholarship, especially a local scholarship that you are going to apply for, don't tell anyone about this information.

Why?

You do not want more competition for the scholarship. If you tell someone about the scholarship that you found, that person may also apply for that same scholarship or tell one of their friends. Now, you will be competing against your friend for a scholarship that you found and the competition just increased by one more applicant. So, don't tell anyone about the scholarship until after the deadline date has passed. This is your little secret.