

# 5 Major Student Loan Changes Coming in 2026

Robert Farrington [The College Investor](#) January 2, 2026

## Key Points

- Graduate PLUS loans will no longer be available to new borrowers starting July 1, 2026.
- Parents and graduate students will face new federal borrowing caps that may leave larger funding gaps.
- The Repayment Assistance Plan (RAP) will replace today's income-driven options for future loans, while the SAVE plan is ending.

Federal [student loans](#) are a critical component in how families pay for college. Beginning in 2026, new laws will change how much students and parents can borrow and how those student loans are repaid. The changes are significant, especially for graduate students, professional programs, and families that rely on Parent PLUS loans to close college funding gaps.

[Student loan repayment](#) also faces one of the biggest shifts in history. For families planning for college or graduate school, or those already in repayment on student loans, the next year will be another wild one with updates and changes.

## 1. Grad PLUS Loans Are Ending

For years, [Graduate PLUS loans](#) have allowed graduate and professional students to borrow up to the [full cost of attendance](#), covering tuition, fees, housing, and living expenses after other aid is applied. That option ends for new borrowers after **July 1, 2026**.

### What's changing

[Graduate PLUS loans will no longer be issued](#) to students who take out their first federal loan for graduate school on or after that date. Students who already have Grad PLUS loans for their program of study may be allowed to continue borrowing under existing limits for up to three years, but new students to graduate programs will not have access.

### Why it's happening

The [One Big Beautiful Bill Act](#) ended the Grad PLUS loan program, as lawmakers have expressed concern about unlimited borrowing. Graduate students, while being a lower number of borrowers, [have a significantly higher average balance](#). Ending Grad PLUS borrowing places a hard limit on how much [graduate students can finance](#) through federal student loans.

### How it affects you

Students entering law school, medical school, [MBA programs](#), and other high-cost graduate programs may no longer be able to borrow enough through federal loans alone to cover total costs. That shortfall may need to be filled through:

- Scholarships or fellowships
- [Employer tuition benefits](#)

- Personal savings
- [Private student loans](#)

## What to plan now

Prospective graduate students should review the full cost of programs they are considering and compare it to the new [federal student loan limits](#).

## 2. Parent PLUS Loans Will Have New Limits

[Parent PLUS loans](#) have long been the backstop of college financing, allowing parents to borrow up to the [full cost of attendance for their child's education](#). That, too, is changing.

### What's changing

New Parent PLUS loans issued after July 1, 2026 will be capped at:

- **\$20,000 per year per student**
- **\$65,000 total per student**

Previously, parents could borrow the entire amount of the cost of attendance, minus other [financial aid](#) received.

### Why it's happening

Parent PLUS borrowing has grown steadily, and policymakers have expressed concern about parents taking on large balances close to retirement, sometimes with limited ability to repay. The new caps were passed as part of the One Big Beautiful Bill Act, which also [changed the repayment option for future parent PLUS loans](#) as well.

(Like the reasoning about the Grad Plus loans above, the sentiment is correct: people should be careful about borrowing amounts to pay for college that will negatively impact the rest of their lives: I'd recommend not borrowing more than \$50000 for a college degree or any amount that would preclude the graduate taking the job of their choice afterwards. However, in effect, people who are going to borrow heavily to pay for college anyway will just be paying higher interest rates through private lenders, who will be making more money while the borrowers have more debt due to this bill. – Cary)

### How it affects families

Families that rely heavily on Parent PLUS loans to afford private colleges, [out-of-state public universities](#), or high-cost programs may face meaningful funding gaps.

The change may influence:

- [College selection decisions](#)
- Whether [students live on or off campus](#)
- How costs are split between parents and students

### What to plan now

Parents of middle- and high-school students should revisit college savings plans and expected borrowing strategies. Families may need to:

- Increase savings where possible
- Compare [in-state](#) and lower-cost options more carefully
- Ask colleges about institutional grants and [tuition payment plans](#)
- Run [The College Investor's How Much Student Loan Debt Can I Afford Calculator](#)

Parents with existing PLUS loans should also monitor consolidation and repayment timelines, as access to income-based repayment options depend on when loans are consolidated.

### 3. New Borrowing Limits For Graduate And Professional Students

With the end of Grad PLUS loans comes a new structure of loan caps for graduate and professional education. There will now be new borrowing limits for both [graduate school and professional school programs](#) - the first time the government has ever made the distinction in borrowing limits per program.

#### What's changing

Federal Direct Unsubsidized Loans will remain available, but with stricter limits:

- **\$20,500 per year and \$100,000 lifetime** for [graduate programs](#)
- **\$50,000 per year and \$200,000 lifetime** for [professional programs](#)

#### Why it's happening

This change is designed to replace open-ended [borrowing with strict limits](#), similar to how undergraduate loans operate.

#### How it affects students

Graduate students in lower-cost programs may see little difference. Those in expensive professional tracks may need to find tens of thousands of dollars elsewhere. **Programs with high tuition but modest post-graduation earnings may become harder to justify financially under the new rules.** [Private lenders may also NOT replace federal student loans for some degrees.](#)

#### What to plan now

Applicants should compare expected debt to realistic earnings outcomes in their field. Graduate school decisions will need to be extremely [Return on Investment \(ROI\) focused](#).

### 4. The Repayment Assistance Plan (RAP) Launches

Borrowing rules are only half the story. [Repayment plans](#) are changing too.

#### What's changing

For loans disbursed on or after July 1, 2026, most existing [income-driven repayment plans](#) will be replaced by a new **Repayment Assistance Plan**, or RAP.

Borrowers will generally choose between:

- A [standard fixed repayment plan](#)

- The new RAP option

It's important to note that borrowers with new Parent PLUS loans after July 1, 2026 will only have access to the standard plan.

### **Why it's happening**

The federal repayment system has grown complex, with multiple income-driven plans overlapping. RAP is intended to simplify [repayment](#) — **though not necessarily make it cheaper.**

### **How it affects borrowers**

**Payments under RAP will be tied to income, but forgiveness timelines are longer than under recent plans. Monthly payments for some borrowers may rise over time, particularly as income increases. RAP is compelling, though, because it offers interest subsidies and principal reduction assistance.**

### **What to plan now**

Students who expect to rely on income-driven repayment should pay close attention to when their loans are disbursed. Loans disbursed before June 30, 2026 will still maintain access to [Income Based Repayment \(IBR\)](#).

# Student Loan Repayment Plans

## Repayment Plans For Loans Before June 2026

### Standard 10 Year

- 10 year term
- Equal monthly payments
- Good for those with student loans less than annual salary

### Extended

- Extra time to pay
- 10 year to 30 year term
- Good for those with student loan balance between 1-1.5 times annual earnings

### Graduated

- Income-driven
- 10 year term
- 30 year term for direct consolidation loans
- Payments start low
- Adjustable as income rises
- Minimum payment increases every two years

### Income-Based Repayment (IBR)

- Capped at 10%-15% of your discretionary income
- 20 to 25 year term
- Payment must be less than payment under the Standard Repayment Plan
- Forgiven loans subject to taxes

## Repayment Plans For Loans After June 2026

### Standard

- Hybrid of 10 year and extended plan
- Fully repays the loan based on this timeline:
  - Loans Under \$25,000: 10 Years
  - Loans \$25,000 to \$50,000: 15 Years
  - Loans \$50,000 to \$100,000: 20 Years
  - Loans Over \$100,000: 25 Years

## Repayment Plans Available For All Borrowers

### Repayment Assistance Plan (RAP)

- Income Driven
- No Negative Amortization
- \$50/mo Principal Subsidy
- Payment is a minimum \$10/mo, up to 10% of your Adjusted Gross Income (AGI)

\*Except Parent PLUS Loans

 PSLF Eligible

## 5. The SAVE Plan Is Ending

The Saving on a Valuable Education, or SAVE plan, was a Biden-era initiative that has left over 7 million borrowers in limbo. While [the court system and OBBBA both have killed the SAVE Plan](#), the [final SAVE Timelines](#) are still uncertain. What is certain is that borrowers in the SAVE plan need to be making decisions and planning to change repayment plans this year.

### What's changing

SAVE is closed to new borrowers and those in the SAVE plan need to decide on [either IBR today, or wait for RAP in July](#). It's possible the Department of Education will force borrowers into a new plan on their own timeline - which may not be beneficial for those waiting in limbo.

## Why it's happening

SAVE was created under earlier executive authority and has faced legal and legislative challenges. This was [challenged in court](#), and also [eliminated by law](#).

## How it affects borrowers

Borrowers currently on SAVE should run their numbers using [The College Investor's RAP Calculator](#) or [Student Loan Calculator](#) to determine:

- Potential payment under IBR
- Potential payment under RAP
- Potential standard plan payment

Based on those numbers, borrowers can decide which repayment plan would work best for them. Borrowers pursuing [Public Service Loan Forgiveness](#) should likely change sooner, rather than later, to continue making forward progress.

## What to plan now

Borrowers should login to their loan servicer and ensure their contact information is updated. This will ensure they don't miss any important timelines or deadlines.

## What Borrowers And Families Can Do Now

The most important step is early planning. The rules that apply to your loans will depend heavily on **when you borrow**, and what type of student loan you have.

Households want to:

- Review college and graduate school timelines carefully
- Compare total program costs against new loan limits
- Increase savings or [seek scholarships](#) earlier
- Ask [financial aid offices](#) how funding packages may change

Existing borrowers need to run the numbers on their repayment plans and understand the changes. **The federal student loan system in 2026 will be more limited, more structured, and less forgiving for future borrowers.** Families who understand those shifts now will be better positioned to avoid surprises later and to make education decisions that align with long-term financial stability.

## Don't Miss These Other Stories:

[10 Best Private Student Loan Lenders For College](#)

[10 Best Private Student Loan Lenders For College](#)

[5 Legal Ways To Lower Your Student Loan Payment](#)

[5 Legal Ways To Lower Your Student Loan Payment](#)

[10 Biggest FAFSA Mistakes That Could Cost You Financial Aid](#)

[10 Biggest FAFSA Mistakes That Could Cost You Financial Aid](#)