New Loan Policies

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Blog: [Loan Limits: What Students and Parents Need to Know About Borrowing for College]

Borrower Type	Current Limit	New Limit (2026 & After)
Graduate Students	Up to $20,500/year (Unsubsidized Stafford); PLUS loans up to full cost of school	$20,500/year; $100,000 lifetime cap (PLUS loans eliminated)
Professional Students	Up to $20,500/year (Unsubsidized Stafford); PLUS loans up to full cost of school	$50,000/year; $200,000 lifetime cap (PLUS loans eliminated)
Parent PLUS Loans	Up to full cost of attendance (no set federal cap)	$20,000/year per student; $65,000 lifetime cap per student
Undergraduate Students	$5,500–$12,500/year (depending on year and dependency status)	No change

What is the Total Cap for a Student?

If you include undergraduate, graduate/professional, and Parent PLUS borrowing (by their parents), the maximum combined federal borrowing could be:

- **Undergraduate Loans**: Up to **$31,000** (dependent) or **$57,500** (independent)
- **Graduate Loans**: Up to **$100,000**
- **Professional Loans**: Up to **$200,000**

- **Parent PLUS Loans**: Up to **$65,000** (borrowed by parent on student's behalf)

Note: These are separate caps and not all stackable by the same borrower. The student's own cap is based on their level of study, while Parent PLUS is a separate cap for parents borrowing on their behalf.

Other Key Rules

- **Part-time students** will receive prorated loan amounts (e.g., half-time = half the loan amount).
- **Total lifetime federal borrowing cap** for all students (excluding Parent PLUS loans): **$257,500** across all levels of study.
- **Colleges may set their own lower limits** for specific programs if applied fairly to all students.

What About Current Students?

If you are already in school and have taken out loans before July 1, 2026:

- You can still borrow under the old rules for up to 3 more academic years or until you finish your current program—whichever comes first.

Why This Matters

This is one of the most sweeping changes to federal student loans in decades. It:

- **Caps borrowing** to prevent runaway student debt
- **Eliminates interest-free loans** for grad students
- **Shifts more financial responsibility** to students and families to budget ahead and seek alternate funding

What This Means in Practice

- Most med and law schools cost $70K–$100K+ per year (tuition + living expenses).
- With a $50K/year cap, students may exhaust federal loan eligibility before graduating.
- Students from low-income or working-class backgrounds may be hit hardest, as they are less likely to qualify for private loans without a co-signer or good credit.

Bottom Line

- **Plan ahead** if you are starting law or medical school in Fall 2026 or later—new federal loan caps mean you will need to budget carefully.
- **Explore alternatives**, such as scholarships, state programs, employer benefits, or private loans, to help cover any gaps.
- **Understand the trade-offs**: private loans may fill the gap, but they typically have higher interest rates and fewer borrower protections.
- **Act now**: Starting July 2026, the era of nearly unlimited federal student loans for graduate students, professional students, and parents ends. Annual and lifetime limits will apply, and subsidized and PLUS loans for graduate and professional students will be gone.
- **Review your strategy** to make sure you are financially prepared for these changes—whether you are the student or the parent helping pay.