

Big Changes to Federal Student Loans:

What Professional Students Need to Know

Beginning July 1, 2026, changes to the law will affect the amount professional students can borrow, the types of loans available, and their repayment options after graduation.

This document is written for professional students and explains what's changing, when it will take effect, and how it may impact them. We encourage students who are unsure how any of this applies to them to talk to their school's financial aid office before making enrollment or borrowing decisions.

Loan Options and Loan Limits

What is changing and when?

Starting July 1, 2026, the **Graduate PLUS loan program will be eliminated unless students qualify for a limited exception**. Students who currently depend on Graduate PLUS loans to help pay for school should be sure they know whether they qualify for the exception and what conditions could lead to the loss of Graduate PLUS eligibility.

There is a new, higher annual Direct Unsubsidized Loan limit of **\$50,000**. There is also a **new cap of \$200,000 on the amount students can borrow in total** (aggregate) for a professional degree program and a new lifetime federal loan limit of **\$257,500** for all Federal Direct student loans (excluding Graduate or Parent PLUS loans) borrowed for all levels of study. Students who qualify for the **limited exception, described below, that allows them to continue to borrow Graduate PLUS loans are also exempt from the new Direct Unsubsidized annual, aggregate, and lifetime limits**.

Who is considered a professional student?

Students in the following programs are considered professional students for purposes of federal student loan limits:

- Pharmacy (Pharm.D.)
- Dentistry (D.D.S. or D.M.D.)
- Veterinary Medicine (D.V.M.)
- Chiropractic (D.C. or D.C.M.)
- Law (LL.B. or J.D.)
- Medicine (M.D.)
- Optometry (O.D.)
- Osteopathic Medicine (D.O.)
- Podiatry (D.P.M., D.P., or Pod.D.)
- Theology (M.Div. or M.H.L.)
- Clinical Psychology (Psy.D. or Ph.D.)

Limited exception

The law allows some students to continue borrowing from the Graduate PLUS program without being subject to the new Direct Unsubsidized aggregate and lifetime borrowing limits under a **limited exception** through their time to completion, for a **maximum of three years**.

Students may qualify for the limited exception if:

- They remain **continuously enrolled** in the **same program of study at the same institution** as they were enrolled as of **June 30, 2026, AND**
- They had a **Direct Loan disbursed** (Direct Unsubsidized or Graduate PLUS) **for that same program before July 1, 2026**

The limited exception also maintains the current annual limit of \$20,500 for Direct Unsubsidized Loans.

Common Questions About the Elimination of Graduate PLUS and New Direct Unsubsidized Loan Limits

Is there an opportunity to qualify for the limited exception for students who don't currently meet the criteria?

Yes, taking out a federal student loan (Direct Unsubsidized or Graduate PLUS) before June 30, 2026, could help students keep access to Graduate PLUS Loans and the current aggregate and lifetime borrowing limits under the limited exception. Remember, though, that students who meet the limited exception criteria maintain access to the Graduate PLUS loan program, but are limited to borrowing \$20,500 annually from the Direct Unsubsidized Loan. Think of it as an all-or-nothing when it comes to qualifying for the new loan terms versus the old terms. Additionally, borrowing solely to "lock in" eligibility may not be the right choice for everyone. Borrowing has long-term consequences, so talk with the financial aid office before deciding to borrow.

What happens when students no longer qualify for the limited exception?

After three academic years, or earlier if the student withdraws, ceases enrollment, or completes their program of study, they no longer qualify for Graduate PLUS Loans and will become subject to the new annual, aggregate, and lifetime borrowing limits.

What options are available for students who need to borrow more than they are able through federal student loans?

Talk to the financial aid office about other financing options, like scholarships, payment plans, institutional, or private loans.

New Rules Require Loan Amounts to Be Prorated for Less Than Full-Time Enrollment

If students enroll part-time in 2026-27 or future years, their federal Direct Unsubsidized and/or Graduate PLUS Loans (if they qualify to borrow a Graduate PLUS under the limited exception described above) **must be prorated** in accordance with changes to the law.



Students thinking of enrolling part-time or dropping a class should **talk to their financial aid office first to understand the implications.**

Repayment Plan Changes Apply to All Borrowers

Students **who borrow a new federal Direct Loan on or after July 1, 2026**, will be eligible for only two repayment plans:

1. Tiered Standard Repayment
 - Fixed monthly payments
 - Repayment term length ranges from 10 to 25 years, based on the amount borrowed
2. Repayment Assistance Plan (RAP)
 - Monthly payments based on income
 - Loan forgiveness after 30 years of repayment
 - Is a qualifying plan for Public Service Loan Forgiveness



All federal loans must be repaid using the same repayment plan. Students with older loans (borrowed before July 1, 2026) who take out new loans on or after that date will have to repay their loans under one of the two repayment options described above.

Students **who do not borrow a new federal Direct Loan on or after July 1, 2026**, may continue to access current repayment options, including:

- Standard (10-year), Graduated, or Extended Repayment
- Income-Based Repayment (IBR)
- Pay As You Earn (PAYE)*
- Income-Contingent Repayment (ICR)*

*The law sunsets the PAYE and ICR plans effective July 1, 2028. Borrowers who enroll in PAYE or ICR must switch to any of the other eligible plans listed before July 1, 2028, or they will be automatically moved into RAP.

They **may also access the new repayment options** once they become available in July 2026:

- Repayment Assistance Plan (RAP)
- Tiered Standard Repayment

All information provided here is based on NASFAA's understanding of the Department of Education's implementation of the One Big Beautiful Bill Act, as outlined in draft regulatory text. All details are subject to change pending the release of the final regulatory text, which is expected to be released in the first half of 2026.