

Federal Parent PLUS Loan Changes:

What Current Parent Borrowers Need to Know

Beginning July 1, 2026, changes to the law affect **how much parents can borrow** from the Parent PLUS Loan program for their children's college education and the available **repayment options** for those loans. There are no changes to how much undergraduate students can borrow.

New federal borrowing limits cap the Parent PLUS Loan at \$20,000 per year and \$65,000 in total, but the law allows for a time-limited **exception to new loan limits for currently-enrolled students**:

- In order for Parent PLUS Loan borrowers to **not be subject to the new loan limits**:
 - The student must remain continuously enrolled in the same program of study at the same institution as they were enrolled as of June 30, 2026, AND
 - Either:
 - » The parent borrower must have had a Parent PLUS Loan disbursed for that same program before July 1, 2026, OR
 - » The student must have had a Direct Loan (subsidized or unsubsidized) disbursed for that same program before July 1, 2026.
 - If the above requirements are met, the new Parent PLUS Loan limits do not apply while the student is completing their program, for up to 3 years, provided the student remains continuously enrolled (i.e., does not withdraw or otherwise cease enrollment outside of scheduled breaks or non-required terms, such as summer).
- Parents of current students who do not currently meet these criteria can still qualify for this limited exception to the new loan limits if:
 - The parent borrows a Parent PLUS Loan prior to July 1, 2026, OR
 - The student borrows a Direct Loan (subsidized or unsubsidized) prior to July 1, 2026.

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

After three academic years, or earlier if the student withdraws or otherwise ceases enrollment from their current school or completes their program of study, Parent PLUS Loan borrowers become subject to the new \$20,000 annual and \$65,000 aggregate loan limits.

What if a Parent PLUS Loan borrower needs more than the annual borrowing limit, or reaches the aggregate limit before the student graduates?

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

Repayment Plan Changes Apply to All Parent Borrowers

Any federal Parent PLUS Loans borrowed on or after July 1, 2026 (including federal consolidation loans that include Parent PLUS Loans) can only be repaid under a single new, fixed repayment plan.

What is changing?

- For Parent PLUS Loans taken out on or after July 1, 2026, the **only** repayment plan option available will be a **new tiered standard repayment plan**.
 - The tiered standard repayment plan offers a fixed monthly payment over 10 to 25 years, based on the outstanding balance of the loan(s).
- This **applies to parent borrowers with existing Parent PLUS Loans who borrow a new loan on or after July 1, 2026**, as well, because the law requires that all Parent PLUS Loans be repaid under the same repayment plan.
 - Parents who currently have Parent PLUS loans in repayment and borrow a Parent PLUS Loan on or after July 1, 2026, will have all of their Parent PLUS Loans moved to the tiered standard repayment plan, potentially changing the monthly payment amount.
 - Current Parent PLUS Loan borrowers may repay their loans under the following repayment plans until their loans are fully repaid, but only if they do not borrow new Parent PLUS Loans on or after July 1, 2026:
 - » 10-year standard repayment plan
 - » Extended repayment plan
 - » Graduated repayment plan
 - Parent PLUS Loan borrowers who consolidated their Parent PLUS Loans into a Direct Consolidation Loan before July 1, 2026, may repay their loans under the income-contingent repayment (ICR) plan through June 30, 2028, at which point that plan will sunset, and Parent PLUS Loan borrowers repaying under ICR will be moved to the income-based repayment (IBR) plan.



Parents who want access to an income-driven repayment plan and/or loan forgiveness for their Parent PLUS Loans must:

- Have **consolidated** their Parent PLUS Loans into a Direct Consolidation Loan and **enrolled in the income-contingent repayment (ICR)** plan prior to July 1, 2026, AND
- **Not have borrowed a new Parent PLUS Loan** on or after July 1, 2026.



Parent PLUS Loans and Public Service Loan Forgiveness (PSLF):

The new tiered standard repayment plan does not count as a qualifying repayment plan for PSLF purposes. As a result, borrowing a new Parent PLUS Loan on or after July 1, 2026, prevents borrowers from receiving PSLF, even if they have already made qualifying payments, as all Parent PLUS loans must be repaid under the new tiered standard repayment plan.

Parents who are planning to borrow a Parent PLUS Loan on or after July 1, 2026, but who want to preserve their eligibility for PSLF, may want to carefully consider other ways to help finance their dependent student's education.

	Repayment Plan Options	Forgiveness/Cancellation Options
Have only borrowed Parent PLUS Loans before July 1, 2026	• 10-year standard repayment plan • Extended repayment plan • Graduated repayment plan • Income-contingent repayment (ICR) plan*	• Time-based forgiveness** • Public Service Loan Forgiveness**
Have only borrowed Parent PLUS Loans on/after July 1, 2026	• Tiered Standard Plan	• None
Have borrowed Parent PLUS Loans both before and after July 1, 2026	• Tiered Standard Plan	• None
Have consolidated Parent PLUS Loan(s) on/after July 1, 2026	• Tiered Standard Plan	• None
*Only eligible for ICR if consolidated into Direct Consolidation Loan and enrolled in ICR before July 1, 2026		
**Only the 10-year standard plan and ICR are eligible for forgiveness/cancellation options		

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 the draft regulatory text. All details are subject to change pending the final regulatory text, which is expected to be released in the first half of 2026.