

## MEMORANDUM

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**DATE:** July 1, 2026  
**TO:** All Clients  
**FROM:** Bender, Ciccotto & Co., CPA's, LLP  
**RE:** Federal Student Loan Changes

Beginning July 1, 2026, significant changes to the federal student loan program will take effect. The changes will be to both repayment options for borrowers and borrowing limits for future students and families. Borrowers should review their current repayment plan regarding these changes.

### Key Repayment Changes

- **SAVE plan transition.** Borrowers currently enrolled in the Saving on a Valuable Education (“SAVE”) plan are expected to receive notices from their loan servicers beginning July 1, 2026. Borrowers will have 90 days to select another lawful repayment plan. If they do not act, they may be moved into a Standard or Tiered Standard repayment plan.
- **New Repayment Assistance Plan.** A new income-driven plan, the Repayment Assistance Plan (“RAP”), has become available. RAP bases payments on adjusted gross income and household dependents, includes a minimum payment, and provides forgiveness after 30 years of qualifying payments.
- **Tiered Standard repayment.** A new fixed-payment option bases the repayment term on the borrower’s total loan balance. Borrowers with larger balances may receive longer repayment terms, but payments are fixed and do not automatically adjust with income.
- **Legacy plans phase out.** Pay As You Earn and Income-Contingent Repayment are scheduled to terminate by July 1, 2028.

### Borrowing Limits and Loan Availability

- **Grad PLUS loans.** Grad PLUS loans are eliminated for new graduate and “professional” degree borrowers (students in medical, dental, legal et al programs) beginning July 1, 2026. However, current graduate students are exempt from the new loan limits if all three criteria apply: 1) you were enrolled by June 30, 2026; 2) by June 30, 2026 you also have received a loan for your program; and 3) you have maintained enrollment at the same program, at the same school.
- **Graduate borrowing caps.** Graduate borrowing will be capped at \$20,500 per year and an aggregate limit of \$100,000. “Professional” degree programs may be subject to higher limits of \$50,000 per year and an aggregate limit of \$200,000.
- **Parent PLUS caps.** Parent PLUS loans will be capped at \$20,000 per year per dependent and \$65,000 total per dependent.
- **Lifetime federal borrowing cap.** New borrowers face a combined lifetime federal student loan limit of \$257,500, excluding Parent PLUS loans.

### Summary

The July 1, 2026 changes represent a major restructuring of federal student loan repayment and borrowing rules. Existing borrowers and current students need to be aware of these changes to properly plan as to how to fund their education. If you need help in understanding your current repayment status, please call us for assistance.

Please speak to your financial aid advisor at your school to see what alternative loan programs they are affiliated with and any other questions concerning your annual or aggregate loan limits.