Temple University
Student Financial Services

Federal Loan Changes: What Current Parent PLUS Loan Borrowers Need to Know

This handout contains information that pertains to parents who are **existing Parent PLUS Loan borrowers.** Changes to the laws governing these programs affect the repayment terms and may affect your borrowing eligibility.

Legacy Exception

To be exempt from the new federal limits on the Parent PLUS Loan, students must meet the Legacy Exception. Students may qualify for the legacy 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 subsidized or unsubsidized or Parent PLUS) **for that same program before July 1, 2026**, *and*
- They are within their expected time to credential, which is the lesser of:
  - Three years, *or*
  - The published program length (defined as the minimum amount of time in weeks, months, or years for a **full-time student** to complete the degree requirements) minus the time enrolled
    - If the student attended part-time, then there may be limits to their eligibility.
    - Any credits transferred into the program must be included and counted as time enrolled, including dual enrollment credits taken in high school

Students lose their Legacy Exception if they interrupt their enrollment without taking an approved leave of absence or attend beyond their eligible time frame. Students should consult with Student Financial Services if they are going to withdraw from classes, take a leave of absence, or delay graduation.

Changes to Borrowing Loan Limits

There are new loan limits for the Parent PLUS Loan program. Students who lose their Legacy Exception will be subject to:

- $20,000 per dependent student, per year (annual limit)
- $65,000 per dependent student, in total (aggregate limit)

Any prior Parent PLUS Loans count towards the aggregate limit.

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

Discuss other financing options with Student Financial Services, such as external scholarships or private loans.

Loan Repayment Plan Changes

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.

- Tiered Standard Repayment
  - Fixed monthly payments
  - Repayment term lengths range from 10 to 25 years, depending on the amount borrowed.

All federal loans must be repaid using the same repayment plan. Parents 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 the Tiered Plan, even if they were for a different student.

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 prior to July 1, 2026 and are **enrolled in the income-contingent repayment (ICR)** plan prior to July 1, 2028, *and*
- **Not** have borrowed a new Parent PLUS Loan on or after July 1, 2026

Parent PLUS Loans & 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.

	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 (ICR) Plan (if as a Direct Consolidation Loan prior to July 1, 2026) • Income-Based Repayment (IBR) Plan (if as a Direct Consolidation Loan prior to July 1, 2026 with at least one payment made)	• 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