Temple University
Student Financial Services

Federal Loan Changes: What Graduate Students Need to Know

Changes to Loan Limits

The annual Direct Unsubsidized Loan limit is set at **$20,500**. However, there is a new **$100,000 cap** on the amount of Direct Unsubsidized Loans students can borrow in total (aggregate) for a graduate degree program and a new lifetime federal loan limit of **$257,500** for all Federal Direct student loans (excluding Parent PLUS loans) borrowed for all levels of study (undergraduate, graduate, and professional). 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 Loan aggregate and lifetime limits. Students who only earn a graduate degree and *not* a professional degree have an lifetime loan limit of **$157,500** ($57,500 undergraduate + $100,000 graduate limits).

Changes to the Graduate PLUS Loan Program

Starting July 1, 2026, the Graduate PLUS loan program will be eliminated unless students qualify for a limited exception.

Legacy Exception

The law allows some students to continue borrowing from the Graduate PLUS program without being subject to the new 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 subsidized or unsubsidized or Graduate 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 you have spent enrolled
    - If you have been enrolled part-time, then there may be limits to your eligibility.
    - Any credits transferred into your program must be included and counted as time enrolled.

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 will no longer qualify for Graduate PLUS Loans and will become subject to the new aggregate and lifetime borrowing limits.

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

Discuss other financing options with the financial aid office, such as scholarships, payment plans, institutional loans, or private loans.

Changes to Semester Amounts

Students enrolled less than full-time will have their loans prorated in direct proportion to their enrollment. This is applicable to both Graduate Unsubsidized Loans and the Graduate PLUS Loan. Students thinking of enrolling part-time or withdrawing from a course should talk to Student Financial Services to understand the implications.

Loan Repayment Plan Changes

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

- Tiered Standard Repayment
  - Fixed monthly payments
  - Repayment term lengths range from 10 to 25 years, depending on the amount borrowed.
- Repayment Assistance Plan (RAP)
  - Monthly payments based on Adjusted Gross 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: Standard (10-year), Graduated, or Extended Repayment. Income Contingent and Pay As You Earn borrowers will need to choose new plans by June 30, 2028

	Student loan borrowers with no new loans on or after July 1, 2026	Student loan borrowers with new loans on or after July 1, 2026
Repayment Plans Available	Current 10-year standard, graduated, extended, ICR, PAYE, IBR, Repayment Assistance Plan (RAP) (after July 1, 2026)	Tiered standard, Repayment Assistance Plan (RAP)
Impacts of July 1, 2028 changes (Note: ICR and PAYE will sunset on June 30, 2028)	If enrolled in ICR or PAYE, must switch to an eligible plan before July 1, 2028, or will be moved into RAP	N/A
Eligible for PSLF?	Yes, if enrolled in current 10-year standard, ICR, PAYE, IBR, or RAP	Yes, if enrolled in RAP
Eligible for income-driving repayment plan loan forgiveness (time-based)?	Yes, if enrolled in ICR, PAYE, IBR, RAP	Yes, if enrolled in RAP