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Student Loans Just Changed—What You Need to Know

June Lewis: If you have student loans, or are helping someone who does, let's dive into what you need to know.

First, repayment options are getting a major overhaul. Starting July 1, 2026, most borrowers will have only two choices: a fixed, standard plan or the new Repayment Assistance Plan, also known as RAP.

Familiar plans like SAVE, P.A.Y.E., I.B.R., and I.C.R. are being phased out. If you are already in one of these plans, you'll need to switch by July 1, 2028.

So, what is RAP? It's an income-drive plan, with payments ranging from 1 to 10 percent of your income after certain deductions. Any unpaid interest is waived, and you could see up to 50 dollars of your principal reduced each month. Forgiveness happens after 30 years.

Loan limits are changing too. Grad PLUS is being replaced on July 1, 2026, with annual caps of \$20,500 and a lifetime cap of \$100,000. Professional degree students, such as law or medicine, get higher limits: \$50,000 annually and \$200,000 total. Parent PLUS loans will also have new caps of \$20,000 per year and \$65,000 for a lifetime. After July 1, Parent PLUS loans won't qualify for income-driven repayment unless you consolidate before the deadline.

Public Service Loan Forgiveness, or PSLF, will see some wins too. Medical residency counts toward forgiveness again, and the RAP plan allows married filing separately, meaning more borrowers can qualify for PSLF under the new system.

Here's the bottom line: these changes could impact how you repay, qualify for forgiveness, and plan for future borrowing. So, start reviewing your options now. And if you need help, visit CAPTRUST at Work. We're here to help you make sense of it all.

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