

New Rules Require Loan Amounts to Be Prorated for Less Than Full-Time Enrollment

If students enroll part-time in 2026-27 or future years, their federal Direct Unsubsidized and/or Graduate PLUS Loans (if they qualify to borrow a Graduate PLUS under the limited exception described above) **must be prorated** in accordance with changes to the law.



Students thinking of enrolling part-time or dropping a class should **talk to their financial aid office first to understand the implications.**

Repayment Plan Changes Apply to All Borrowers

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

1. Tiered Standard Repayment
 - Fixed monthly payments
 - Repayment term lengths range from 10 to 25 years, depending on the amount borrowed.
2. Repayment Assistance Plan (RAP)
 - Monthly payments based on 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, including:

- Standard (10-year), Graduated, or Extended Repayment
- Income-Based Repayment (IBR)
- Pay As You Earn (PAYE)*
- Income-Contingent Repayment (ICR)*

*The law sunsets the PAYE and ICR plans effective July 1, 2028. Borrowers who enroll in PAYE or ICR must switch to any of the other eligible plans listed before July 1, 2028, or they will be automatically moved into RAP.

They **may also access the new repayment options** once they become available in July 2026:

- Repayment Assistance Plan (RAP)
- Tiered Standard Repaymen

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