



2026–27 Federal Financial Aid Updates

Key Changes Effective July 1, 2026

On July 4, 2025, the [H.R.1 bill](#) (The Act) was enacted into law. Significant provisions regarding Federal Loan limits will affect entering college students going into effect **July 1, 2026**. Legacy provisions for current borrowers will allow borrowing under current federal loan limits for the remainder of their program of study.

Provision	What changes effective July 1, 2026
Lifetime Direct Loan cap	\$257,500 across all federal Direct Loans — Undergraduate and Graduate borrowing combined
Parent PLUS Loan caps	\$20,000 per year per student • \$65,000 lifetime per student
Graduate Direct Unsubsidized	\$20,500 per year • \$100,000 aggregate
Professional Direct Unsubsidized	\$50,000 per year • \$200,000 aggregate
Grad PLUS Loan program	Eliminated for new borrowers after July 1, 2026
Schedule of Reduction	Loans pro-rated by part-time credit load — no legacy provision

What are the new loan limits for Undergraduate students?

Lifetime Direct Loan borrowing cap

- **\$257,500** across all federal Direct Loans, which includes Undergraduate and Graduate borrowing.

Parent PLUS Loan borrowing cap

- **Annual cap:** \$20,000 per year per student.
- **Lifetime cap:** \$65,000 per student — for parents borrowing under PLUS.

IMPORTANT NOTE

Parents who borrow the maximum amount of \$20,000 per year may run out of PLUS Loan eligibility if the student needs an additional year to complete their program due to the \$65,000 lifetime limit.





What are the new loan limits for Graduate and Professional students?

Lifetime Direct Loan borrowing cap

- **\$257,500** across all federal Direct Loans, which includes Undergraduate and Graduate borrowing.

Annual Direct Unsubsidized Loan limits

- **Graduate degrees:** max \$20,500/year, aggregate cap \$100,000.
- **Professional degrees:** max \$50,000/year, aggregate cap \$200,000.

The federal definition of eligible professional degree programs

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| • Veterinary Medicine (D.V.M.) | • Forensic Psychology (Psy.D.) | • Osteopathic Medicine (D.O.) |
| • Law (L.L.B.; J.D.) | • Clinical, Counseling and Applied Psychology, Other (Psy.D.) | • Podiatry (D.P.M.; D.P.; Pod.D.) |
| • Divinity/Ministry (M.Div.) | • Chiropractic (D.C.; D.C.M.) | • Optometry (O.D.) |
| • Rabbinical Studies (M.H.L.) | • Audiology/Audiologist (AuD) | • Pharmacy (Pharm.D.) |
| • Clinical Psychology (Ph.D.; Psy.D.) | • Speech-Language Pathology/Pathologist (SLP) | • Occupational Therapy/Therapist (OT; MSOT; OTD) |
| • Counseling Psychology (Psy.D.) | • Dentistry (D.D.S.; D.M.D.) | • Physical Therapy/Therapist (PT; DPT) |
| • School Psychology (Psy.D.) | • Anesthesiologist Assistant (CAA) | • Registered Nursing/Registered Nurse (MSN)* |
| • Clinical Child Psychology (Psy.D.) | • Physician Associate/Assistant (MSPA; PA) | • Nurse Anesthetist (DNAP) |
| • Health/Medical Psychology (Psy.D.) | • Medicine (M.D.) | • Nursing Practice (DNP)* |
| • Family Psychology (Psy.D.) | | |
| • Athletic Training/Trainer (MSAT; MAT) | | |

IMPORTANT NOTE

The Grad PLUS Loan program is eliminated for new borrowers after July 1, 2026.

What are my next steps?

Actions to take on Federal Student Loans (Undergraduate, Graduate, and Professional Students)

- Current student borrowers will be allowed to borrow under current student loan limits.
- To take advantage of the current limits for the remainder of your academic program, you should make a decision on borrowing your 2025–26 loans by contacting the [North America Financial Services Team](#) to have funds disbursed by the end of the Spring 2026 semester to remain eligible for current loan limits.





Actions to take on Federal Parent PLUS Loans OR Graduate PLUS Loans

- To take advantage of the current Parent PLUS OR Graduate PLUS loan limits, parents of current students and current Graduate students should make a decision on borrowing PLUS loans for the 2025–26 year by contacting the [North America Financial Services Team](#) to have funds disbursed by the end of the Spring 2026 semester to remain eligible for current loan limits.

Spotlighted FAQ's

Who is considered a “Legacy Borrower” under H.R.1?

A Legacy Borrower refers to a borrower who qualifies for the H.R.1 “interim exception” or “legacy protection” provisions. A borrower is considered a Legacy Borrower if:

1. The student was enrolled in an eligible program of study on or before **June 30, 2026; AND**
2. The student received at least one Federal Direct Loan disbursement for that same program **before July 1, 2026.**

Legacy Borrowers may continue borrowing under pre-H.R.1 federal loan rules for a limited transition period.

How long does Legacy Borrower status last?

Legacy protections remain in effect for the **lesser** of:

- Three (3) academic years; **OR**
- The student’s remaining expected time to credential/program completion.

Once the transition period ends, any additional borrowing becomes subject to the new H.R.1 regulations.

Does a borrower need a Grad PLUS Loan before July 1, 2026, to qualify as a legacy borrower?

No. A borrower only needs to have received any qualifying Federal Direct Loan for the program before July 1, 2026. This may include:

- Direct Subsidized Loans
- Direct Unsubsidized Loans
- Grad PLUS Loans
- Parent PLUS Loans

What happens if a student changes majors?

In most undergraduate cases, changing majors does **not** eliminate legacy protection. Examples that generally preserve legacy status include:





- Changing from undeclared to declared major
- Changing from BA to BS
- Switching majors within the same degree level

However, changing into an entirely new academic program or credential level may create a new borrowing eligibility determination.

What loan benefits may Legacy Borrowers continue using?

Eligible Legacy Borrowers may continue using pre-H.R.1 loan structures during their transition period. Depending on borrower type, this may include:

Graduate Students

- Continued access to Grad PLUS Loans
- Current annual borrowing structures
- Existing aggregate loan limits

Parent Borrowers

- Parent PLUS borrowing up to Cost of Attendance minus other aid.
- No immediate application of new Parent PLUS caps during the transition period.

Are Legacy Borrowers subject to the new lifetime borrowing cap during the transition period?

Generally, no. Borrowers receiving loans under the interim exception are typically exempt from the new lifetime aggregate borrowing cap during their protected eligibility period.

What happens after the Legacy protection period ends?

Once the borrower exceeds:

- Three (3) academic years; **OR**
- Remaining expected time to credential,

the borrower becomes subject to all new H.R.1 loan limitations for any future borrowing.

What other loan options will I have to fill the gaps that aren't covered by Federal loans?

Credit based private loans can be used to fill the gaps that aren't covered by Federal loans. We encourage students to review our [Private Loans](#) and [VA Benefits](#) pages as a starting point.

