

# Federal Student Aid Changes from the One Big Beautiful Bill Act

\*Items in italics indicate proposed changes in earlier versions of the bill that were ultimately not included in the final version that was signed into law.

Student Loan Repayment			
Topic	Change	Notes	Effective Dates
Repayment Plan/New Borrowers	Borrowers with new loans made on or after July 1, 2026 can be repaid using only two plans: a new standard repayment plan and the new income-based repayment plan, RAP. If a borrower with new loans made on or after July 1, 2026 does not select a plan, they will be assigned to the new standard repayment plan.	All loans must be paid under the same repayment plan, so borrowers with loans made before July 1, 2026, who take out additional loans on or after July 1, 2026, will only have RAP and the new standard repayment plan as options.	July 1, 2026
Repayment Plan/Current Borrowers	Current borrowers with no new loans made on or after July 1, 2026, are eligible to enroll in the current Standard, Graduated, Extended, or current Income Based (IBR) repayment plans, and may also opt in to the new RAP. Current borrowers may also switch between, enter or remain on existing IDR plans until July 1, 2028.	Current borrowers enrolled in ICR, PAYE, or SAVE plans must transition to a different repayment plan (current IBR, current standard plans, or RAP) by July 1, 2028. If no selection is made by that date, they will be moved into RAP automatically.	July 1, 2026 & July 1, 2028
Repayment Assistance Plan	Creation of new IBR plan called the Repayment Assistance Plan (RAP). If married filing separately, spouse's AGI and number of dependents are not included in the payment calculation. \$10 minimum payment. Monthly payment is 1-10% of income based on AGI. \$50 off monthly payment (base payment) per dependent. 30-year repayment period. Eliminates negative amortization. No cap on monthly payment, even if it's higher than the standard repayment plan would be. If a borrower makes an on-time payment that reduces their principal by less than \$50, ED will make a payment to the principal, up to the amount paid, minus what was applied to the principal or \$50, whichever is less.	After all current borrowers move out of all other current IDR or Standards plans, they will be sunset.	July 1, 2026
IBR Plan (Current)	Removes the requirement for borrowers to demonstrate a partial financial hardship. Retains cancellation for balances of loans repaid under IBR at 25 years, or 20 years for new borrowers. Allows for covered income contingent loans to be repaid under IBR.		July 1, 2026
Standard Repayment Plan	Creation of a new standard plan with 4 fixed terms of 10, 15, 20, or 25 years based on the amount borrowed (or outstanding balance if in repayment).		July 1, 2026
Repayment Options for ParentPLUS & Consolidation Loans	Consolidation loans made on or after July 1, 2026, are only eligible for the RAP or standard repayment plans.  A consolidation loan (subsidized or unsubsidized) taken out by a borrower before July 1, 2026, is treated like any other eligible loan. Borrowers currently in an IDR plan have until July 1, 2028, to select a standard plan, IBR, or RAP.  If the consolidation loan was used to pay off a Parent PLUS loan, it must enter repayment under ICR before July 1, 2028, to become eligible for IBR.  If the borrower takes no action by that date, all eligible loans will be automatically moved to RAP, and any loans not eligible for RAP will be placed into IBR.  All new ParentPLUS loans from July 1, 2026 on must be repaid under the standard repayment plan, they are not eligible for RAP. If a borrower chooses RAP, but has a loan that is not eligible for RAP (like ParentPLUS and certain consolidated loans) they must repay the ineligible loan/s separately.  For borrowers who had borrowed ParentPLUS before July 1, 2026, and subsequently borrowed from the program on or after July 1, 2026, repayment for all loans must be under the same repayment plan, of which the only eligible plan for ParentPLUS borrowers is the standard plan.		July 1, 2026
Loan Rehabilitation Terms	Borrowers can rehabilitate a defaulted loan twice, instead of once as currently allowed. The minimum rehab payment for Direct Loans changes to \$10.		July 1, 2027
Loan Deferment Options	Sunset the economic hardship and unemployment deferments.	Borrowers with loans made on or before July 1, 2027, are still able to use these deferment options under the current rules. Once all borrower's loans made prior to that date are paid in full, these options will cease to exist.	July 1, 2027
Loan Forbearance	Loans made on or after July 1, 2027, are eligible for forbearance for up to nine months in any two-year period.	Current rules allow for a forbearance up to 12 months at a time, with a cumulative limit of three years.	July 1, 2027