OBBBA Federal Student Loan Timeline

Jul 4 2025

The One Big Beautiful Bill Act (OBBBA) is signed into law,
enacting sweeping changes to the federal student loan system.

Jan 1 2026

IDR forgiveness becomes taxable again.
The OBBBA did not extend pandemic-era tax relief, and debt forgiven under income-driven repayment plans is now taxable. Debt forgiven under Public Service Loan Forgiveness (PSLF) remains tax-free.

Mar 10 2026

The SAVE plan is officially ended after a long court battle.
Existing enrollees are allowed to remain on the plan until later in 2026.

Jun 30 2026

Parent PLUS borrowers must consolidate to remain eligible for PSLF.
Parent borrowers who wish to remain eligible for income-driven repayment or PSLF lose access to those programs if they don't consolidate their loans before this date.

Jul 1 2026

New repayment plans go into effect,
including the Repayment Assistance Plan (RAP) and a Tiered Standard Plan.

Existing repayment plans are no longer accessible for new borrowers.
Those who borrow any federal loan after July 1 are ineligible for legacy plans, including Income-Based Repayment (IBR), Income-Contingent Repayment (ICR), & Pay As You Earn (PAYE).

Grad PLUS loans are eliminated.
New borrowers are ineligible, but existing students can continue borrowing for up to three academic years or the remainder of their program, whichever is less.

Graduate and professional students have lower loan limits.
New borrowers in graduate programs are capped at an annual limit of $20,500 and a lifetime limit of $100,000. Professional students face annual caps of $50,000 & an aggregate limit of $200,000.

Parent PLUS loans are capped.
Parents can now only borrow up to $20,000 per year per student, with a lifetime limit of $65,000.

New lifetime cap on federal student loan debt take effect.
Borrowers have a combined lifetime borrowing cap of $257,500 across all federal student loan programs (excluding Parent PLUS loans). Existing students may be granted a legacy exception.

90-day clock starts on SAVE plan enrollees.
Loan servicers begin notifying borrowers in the SAVE plan that they have 90 days to switch to another plan. If borrowers don't take action, they will be automatically enrolled in the standard repayment plan.

Pell Grant changes are enacted.
The program expands to cover short job-training programs at accredited community colleges and trade schools.

Jul 1 2027

New deferment, forbearance, and rehabilitation rules take effect.
Economic hardship and unemployment deferment are no longer available for new loans. Forbearance is available for up to 9 months (down from 12 months) on loans taken out after this date. Borrowers can rehabilitate a defaulted loan up to two times, instead of once.

Jul 1 2028

Access to old repayment plans ends for all.
The ICR and PAYE plans officially end, and borrowers must transition to a new plan. IBR is preserved for eligible borrowers who took out all their loans before July 1, 2026.

Jun 2029

Legacy borrower window expires; loan caps apply to all.
Existing students who were not subject to the new 2026 loan limits now must abide by the lower caps.

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