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What happens if you consolidate federal student loans after July 1?

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Consolidating your federal student loans can help you get simplified monthly payments, access to more repayment options, and other benefits.

But there are [big changes affecting federal student loans](#) coming on July 1, 2026 — and loan consolidation is a major part of those updates. If you've been considering loan consolidation, review the new rules carefully before doing so.

Here's what you need to know before you consolidate your loans this summer.



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What repayment plans are available for loans consolidated after July 1?

*You must apply for a Direct Consolidation Loan **and** the loan must be disbursed before July 1 to continue to be eligible for [legacy repayment plans](#), including Income-Based Repayment (IBR), Income-Contingent Repayment (ICR), and Pay As You Earn (PAYE).*

If you wait until after July 1 to consolidate your student loans, your repayment options will be limited to only the newest repayment plans:

- [Repayment Assistance Plan](#) (RAP)

- Tiered Standard Plan

However, your eligibility for these plans will also depend on the type of federal loan you're consolidating.

With a Direct Consolidation Loan that **does not** contain a consolidated parent PLUS loan, you are eligible for either the Repayment Assistance or Tiered Standard Plan. You can choose from either new plan if you consolidate after July 1 and use a Direct Consolidation Loan to pay off a Direct Subsidized Loan, Direct Unsubsidized Loan, PLUS loan for graduate and professional students, and more.

Parent PLUS loans are an important exception to keep in mind.

A Direct Consolidation Loan used to pay off a Direct PLUS Loan for parents can **only** be repaid using the Tiered Standard Plan after July 1. This means that parent borrowers who consolidate after July 1 won't have access to income-driven repayment plans or related forgiveness programs.

Similarly, if you do double consolidation — use a Direct Consolidation Loan to pay off an existing Direct Consolidation Loan that was used for a parent PLUS loan — you will only have access to the Tiered Standard Plan when consolidating after July 1.

Type of consolidation loan	Available repayment plans after July 1
Direct Consolidation Loan that does not contain a parent PLUS loan	Tiered Standard Plan or Repayment Assistance Plan
Direct Consolidation Loan used to pay off a parent PLUS loan	Tiered Standard Plan
Direct Consolidation Loan used to pay off a previous Direct Consolidation Loan that paid off a parent PLUS loan (double consolidation)	Tiered Standard Plan

Can you access income-driven repayment plans after consolidating?

If you consolidate your loans after July 1, 2026, you won't have access to existing IBR, ICR, or PAYE plans. But you may be able to repay your consolidated loan using the new income-driven Repayment Assistance Plan.

If you consolidate a loan that **does not** include a PLUS loan for parents, you'll have the option to repay the Direct Consolidation Loan using the Tiered Standard Plan or the new RAP, which is based on your income.

Under RAP, your monthly payment is equal to a percentage of your income, reduced by \$50 for each dependent you claim (though it won't be less than \$10 per month).

Consolidated loans used to pay parent PLUS loans, however, are not eligible for RAP. After July 1, the Tiered Standard Plan is the only repayment option available for

consolidated Parent PLUS loans. It charges fixed monthly payments designed to repay the loan in full within the maximum repayment period allowed for your principal balance.

Related: [A complete timeline of federal student loan changes from 2026 to 2028](#)

How to keep access to existing repayment plans with consolidation

The only way to maintain access to your current repayment plan after consolidating is to consolidate your student loan **before July 1, 2026.**

Your new Direct Consolidation Loan must be processed and disbursed by July 1. If you apply before July but your new loan isn't disbursed by that date, you'll only have access to the new plans as outlined above.

This is especially crucial for parent PLUS loan borrowers. Before the new law, you had to consolidate a parent PLUS loan into a Direct Consolidation Loan in order to access income-driven repayment plans or forgiveness programs like [Public Service Loan Forgiveness \(PSLF\)](#). Moving forward, consolidated parent PLUS loans aren't eligible for these options if the consolidated loan isn't disbursed before July 1.

Another thing to consider is whether you'll borrow [new federal loans in the future](#). If you have a Direct Consolidation Loan that you used to pay off a parent PLUS loan and you receive any type of Direct Loan in the future — including a new Direct Consolidation Loan — you'll also lose access to the existing income-driven plans and PSLF.

According to the Federal Student Aid website: "We strongly recommend that borrowers who must consolidate their loans in order to access the IBR, ICR, and PAYE Plans apply for their consolidation loan at least three months before July 1, 2026, to ensure that their consolidation loan is disbursed before July 1, 2026."

If you haven't already applied for a Direct Consolidation Loan before June, it's too late to do so if you want to remain on a legacy repayment plan.

Read more: [Student loan FAQ: Everything borrowers are asking about the overhaul](#)

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