

DETAILS TO UPDATED FEDERAL STUDENT LOAN CHANGES

1 Parent PLUS loans are now capped

- Beginning July 1, 2026:
 - Annual cap: **\$20,000 per dependent student**
 - Lifetime cap: **\$65,000 per dependent student**
- Previously: parents could borrow **up to full cost of attendance**
- Limits are **combined across all parents** borrowing for the same student
- Likely impact:
 - Increased **financing gaps**
 - Greater reliance on **institutional aid, payment plans, or private loans**

2 Schedule of Reductions (or Loan Pro-ration)

- Beginning July 1, 2026:
 - Loan eligibility is **pro-rated based on enrollment intensity**
- Applies to:
 - New borrowers
 - Students enrolled **less than full-time or who have dropped hours during the year**
- Key implications:
 - Loan packaging must reflect **credit-hour-based reductions**
 - Increased need for:
 - Enrollment monitoring
 - Adjustments after add/drop periods
- Student-facing impact:
 - Less-than-full-time students will not receive full annual loan limits

3 Graduate & Professional Student Changes

- Graduate PLUS loans eliminated for new borrowers
- New Direct Unsubsidized limits:
 - Graduate: **\$20,500/year, \$100,000 lifetime**
- Impact:
 - No longer able to **bridge cost of attendance gaps with federal loans**
 - Likely increase in private loan borrowing

4 Aggregate/Lifetime Loan Limits

- New overall cap:
 - **\$257,500 total federal student loans**
 - **Excludes Parent PLUS loans**
- Important nuance:
 - Includes **all borrowing (undergrad + grad)** regardless of repayment status

5 Repayment Plan Changes

- Starting July 2026:
 - Only **two repayment options** for new borrowers:
 - Repayment Assistance Plan (RAP)
 - Tiered Standard Plan
- Parent PLUS loans:
 - **Not eligible for RAP**
- Impact:
 - Reduced flexibility
 - Potentially higher required payments for some borrowers

6 Legacy (Grandfathering) Provisions

- Students/parents with loans **before July 1, 2026**:
 - May continue under old rules for:
 - Up to **3 academic years**
 - Or until program completion
- Important compliance considerations:
 - Changing programs or enrollment status may **void legacy eligibility**

**FOR MORE
INFORMATION:**

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