



Understanding Changes to Federal Student Loans

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WASHINGTON
Student Loan
— **Advocate** —

Office of the Student Loan Advocate



Student Loan Advocate

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PSLF Advocate

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(she/her)

Housekeeping



- This presentation is being recorded.
- Copy of slides will be available.
- Chat is disabled for participants - used only by panelists to share links & resources.
- Participants are on mute.
- Enter your questions using the Q&A and vote on questions you would like to have answered live.
- Live closed captions available.

Washington Student Loan Bill of Rights



Servicers must be licensed with Department of Financial Institutions (DFI)

Schools must notify borrowers about the Office of the Student Loan Advocate (SLA)

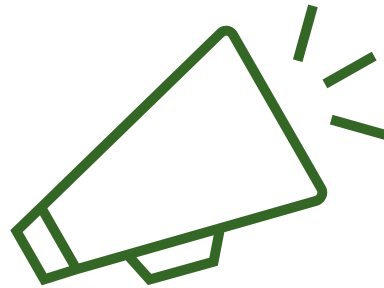
SLA develops and maintains student borrower education course

Borrowers may request information/resources or make a complaint to SLA

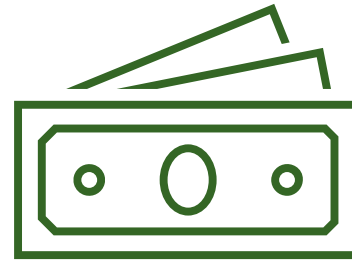
SLA makes recommendations at the local, state and federal level regarding student debt in Washington

[Engrossed Senate Bill 6029](#)

Workshop Outcomes



General federal
student loan updates



Updates to
repayment plans



Reconciliation Bill
updates



Action items



Frequently asked
questions



Know how to request
assistance

General Student Loan Updates





Department of Education (ED) [layoffs](#) leading to longer wait times for borrower cases.



ED resumed collections on defaulted student loans after pausing since March 2020. [Get out of default.](#)



In May 2025, ED initiated a [PSLF negotiated rulemaking](#) on employer eligibility.



Borrowers who have earned debt cancellation under IDR after December 31, 2025, could be hit with a tax bill.

General Updates





There is a large IDR application backlog. Borrowers may consider submitting a new application on [StudentAid.gov](https://studentaid.gov) using the IRS data retrieval option for faster processing.



ED restarted student loan interest charges for nearly 8 million borrowers currently impacted by the SAVE/IDR lawsuit on August 1, 2025.



The Total and Permanent Disability (TPD) Discharge program is now administered by Federal Student Aid vendors. Apply and view your application status on the [StudentAid.gov](https://studentaid.gov) website.



The [Joint Consolidation Separation process and application](#) is now available.

General Updates



Updates to Repayment Plans



Reconciliation Bill Impacts to Student Loan Repayment

Borrowers with only loans
taken out before July 1,
2026, will retain access to
some existing plans but
lose access to others.

Borrowers who take out
loans after July 1, 2026,
will have less generous
and fewer options.

July 1, 2026

Legacy Repayment Plans

For borrowers who only took out loans before July 1, 2026.

Monthly payment	Plan	Terms	Repayment Period	Forgiveness?
Fixed	Standard	60-120 equal payments	Up to 10 years	None*
	Extended Fixed	300 equal payments	Up to 25 years	None
	30-year Standard (Consolidated Loans)	Up to 360 equal payments	Up to 30 years	None
Increases over time	Graduated	Payment grows every 2 years	Up to 10 years	None
	Extended Graduated	Payment grows every 2 years	Up to 25 years	None

Legacy Standard & Alternative Repayment Plans

For borrowers who only took out loans before July 1, 2026.



Plan	Federal Poverty Guideline	Payment no more than...	Forgiveness after...
Income Based Repayment (IBR)	150%	Borrowers after July 1, 2014: 10% of discretionary income	20 years
		Borrowers before July 1, 2014: 15% of discretionary income	25 years
Pay As You Earn (PAYE)	150%	10% of discretionary income	*currently blocked
Income Contingent Repayment (ICR)	150%	20% of discretionary income	*currently blocked

Legacy Income-Driven Repayment (IDR) plans

For borrowers who only took out loans before July 1, 2026.



Legacy Income-Driven Repayment (IDR) plans

SAVE

- The Saving on a Valuable Education (SAVE) plan (previously known as REPAYE) is currently blocked from operating due to an ongoing court case challenging the plan.
- All borrowers enrolled in SAVE are currently in a forbearance. Interest began accruing on August 1st for anyone enrolled in/who applied for SAVE.
- PSLF & IDR credits are not being granted for any time spent in SAVE.

PAYE and ICR

- The Paying As You Earn (PAYE) and Income-Contingent Repayment (ICR) plans will no longer be available for new enrollments as of July 1, 2026.

IBR

- The Income-Based Repayment (IBR) plan is the only legacy Income-Driven Repayment Plan that will remain available for current borrowers after July 1, 2028.

New Repayment Plans

For borrowers with
loans disbursed or
consolidated after July
1, 2026.

Balance	Repayment Term
Up to \$25k	10 years
\$25-50k	15 years
\$50-100k	20 years
\$100k+	25 years

New Standard Repayment Plan

Only for borrowers with loans disbursed or consolidated after July 1, 2026.



Adjusted Gross Income (AGI)	% of income used to calculate monthly bill	Estimated monthly payment (0 dependents)
Up to \$10,000	Not applicable	\$10
\$10,001-\$20,000	1% of AGI	\$10-\$16
\$20,001-\$30,000	2% of AGI	\$33-\$50
\$30,001-\$40,000	3% of AGI	\$75-\$100
\$40,001-\$50,000	4% of AGI	\$133-\$166
\$50,001-\$60,000	5% of AGI	\$208-\$250
\$60,001-\$70,000	6% of AGI	\$300-\$600
\$70,001-\$80,000	7% of AGI	\$408-466
\$80,001-\$90,000	8% of AGI	\$533-\$600
\$90,001-\$100,000	9% of AGI	\$675-\$750
\$100,001+	10% of AGI	\$833+

Subtract \$50/month
per dependent

\$10 minimum monthly
payment required
after dependent
deductions

Forgiveness after 30
years

Repayment Assistance Plan (RAP)

RAP will be available to all borrowers with Direct Loans (except Parent PLUS).



Repayment Assistance Plan (RAP)



RAP Plan Benefits

Interest subsidy

- If a borrower's monthly payment is not enough to cover their accruing interest, the government subsidizes the unpaid accrued interest.
- Stops loans from ballooning due to unpaid interest.

Principal subsidy

- If a borrower's monthly payment does not reduce their principal balance by at least \$50 per month, the government will kick in enough to ensure their principal decreases by at least \$50.

New Repayment Plans



RAP will not be available to borrowers with Parent PLUS loans, effectively eliminating Parent PLUS borrowers' eligibility for IDR cancellation and severely limiting access to PSLF for new loans taken on or after July 1, 2026.



RAP will increase the monthly payment for most borrowers when compared to legacy IDR Plans.



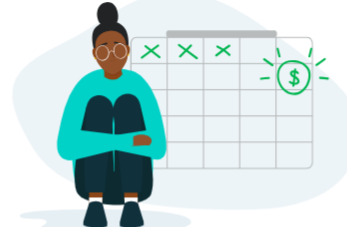
Borrowers enrolled in SAVE, PAYE, and ICR will be automatically enrolled into the new Repayment Assistance Plan (RAP) if they do not select another plan by July 1, 2028.

Want to know your
repayment options?
Use the Loan
Simulator!



I Want to Find the Best Student
Loan Repayment Strategy

Log In and Start



I'm Struggling With My Student
Loan Payments

Log In and Start



I Want to Simulate Borrowing
More

Log In and Start

StudentAid.gov/loan-simulator/

Recap: Standard / Alternative Repayment Plans



Now

- No changes (current system stays the same)

July 2026

- New loans (issued on or after July 1) only eligible for new Standard Plan
- “Older” loans will continue to be eligible for 10/30-year standard plans and alternative plans

July 2028

- No further changes

Recap: Upcoming Changes to IDR



Now

- Access to all IDR plans remain open, except for SAVE.

July 2026

- No new enrollment allowed for PAYE or ICR starting July 1, 2026
- IBR will remain an option for most borrowers with loans issued before July 1, 2026.

July 2028

- PAYE, ICR & SAVE will be phased out by July 1, 2028, at the latest.
- If borrowers do not take action, their loans will be moved.

Reconciliation Bill Updates





ED is working with servicers to remove the partial financial hardship eligibility requirement from the IBR plan.

Borrowers who did not qualify for partial financial hardship will now be eligible for the IBR plan.



Consolidated Parent PLUS loans will be able to enroll in an IBR plan.

ED will provide additional information to loan servicers and update StudentAid.gov when the system is available for borrowers to enroll in IBR.



Reduces loan borrowing amounts for an academic year if a student is enrolled in a program of study on less than a full-time basis (part-time) during that academic year.

Reconciliation Bill Updates: Immediate Implementation





After July 1, 2026, borrowers with new loans will only have two repayment options: a new standard option and a new Repayment Assistance Plan (RAP) option.



Current borrowers who take on any new loan after July 1, 2026, (including a consolidation loan) will only be eligible for RAP or the new standard plan.



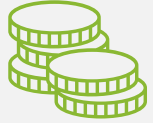
Current borrowers with only loans taken out before July 1, 2026, will continue to access IBR, ICR, and PAYE. However, ICR and PAYE (and SAVE) will phase out by July 1, 2028.



Current borrowers with only loans before July 1, 2026, enrolled in the legacy standard repayment plans (10-year standard, extended, graduated, etc.) will be able to remain on that plan.

Reconciliation Bill Updates: Repayment options





Parent PLUS loan borrowers with loans taken out on or after July 1, 2026, will only have access to the new standard repayment plan.



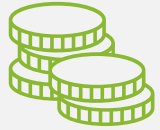
Current Parent PLUS borrowers will lose access to Income-Driven Repayment (IDR) if they don't consolidate their current loans before July 1, 2026.



Current borrowers with loans taken out before July 1, 2026, can remain on their Income-Driven Repayment (IDR) plans but will need to switch to IBR or RAP by July 1, 2028, to remain eligible for PSLF or IBR forgiveness.

Reconciliation Bill Updates: Repayment options





Borrowers that take out loans after July 1, 2027, will not be able to use economic hardship or unemployment deferments to pause payments if they cannot afford them.



Borrowers will only be able to be in forbearances for up to 9 months during a 2-year period.

Reconciliation Bill Updates: Forbearance & Deferment



Graduate and Parent Loan Limits Effective July 1, 2026

Loan Type	Prior Limits	New Annual Loan Limit	New Lifetime Limit
Graduate unsubsidized student borrowing (for example, students enrolled in a MA or MS program)	<ul style="list-style-type: none"> \$20,500 (annual) \$138,500 (aggregate limit, including loans borrowed for undergrad) 	\$20,500	\$100,000
Professional student unsubsidized borrowing (for example, students enrolled in Medicine, Dentistry, Veterinary Medicine, or Law program)	<ul style="list-style-type: none"> \$20,500 (annual) \$138,500 (aggregate limit, including loans borrowed for undergrad) 	\$50,000	\$200,000
Graduate and professional student PLUS loans	No specified limit, up to Cost of Attendance	Eliminated	Eliminated
Parents of undergraduate students	No specified limit, up to Cost of Attendance	\$20,000	\$65,000 per student
All students	N/A	N/A	\$257,500 (excluding Parent PLUS loans)



For borrowers who take out any new loans or consolidate after July 1, 2026, the RAP plan is the only repayment plan eligible for Public Service Loan Forgiveness (PSLF).



Permanently extends the current tax exemption on student debt discharged due to the death or total and permanent disability of the borrower.



The previous Trump Administration Borrower Defense and Closed School discharge regulations will be effective for loans originated before July 1, 2035.

Reconciliation Bill Updates: Loan Forgiveness & Discharge



Action Items



If you're considering taking out new loans after July 1, 2026:

- You'll only have access to the new standard repayment plan and RAP.
- Parent PLUS borrowers will only have access to the new standard repayment plan.

If you're considering consolidating your loans:

- Consolidating may reset your qualifying payments towards PSLF and IDR forgiveness.
- After July 1, 2026, consolidation will also severely limit repayment options.
- Borrowers may [submit a question](#) to our office about consolidation.

Proceed with
caution



For all borrowers, make sure you:

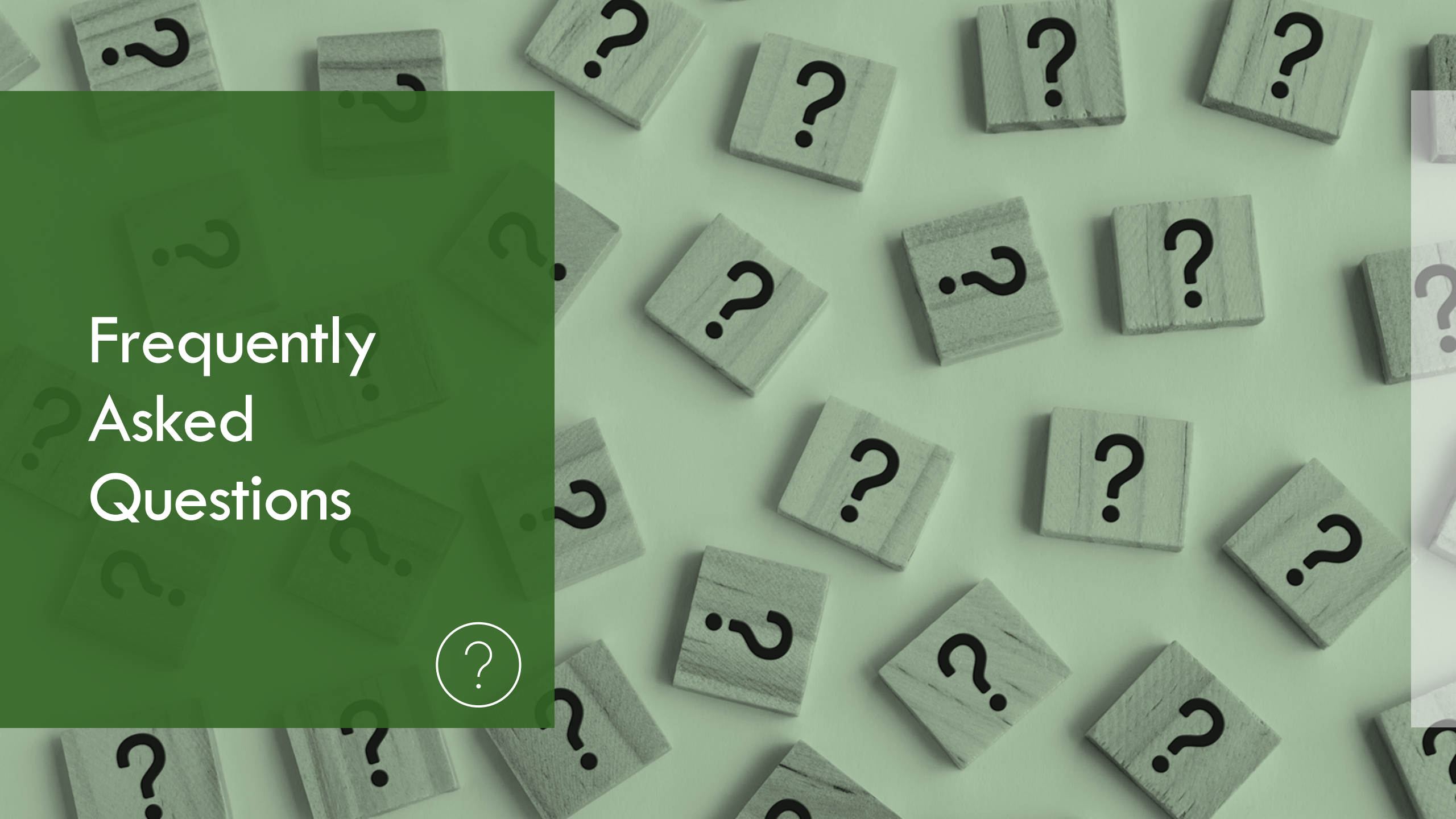
- Know who your student loan servicer is and have access to your account on their website
- Save any communications or documentation you've received from your servicer
- Print, download, screenshot, and save any information that details how many PSLF and IDR credits you have, if applicable
- Prepare for potentially higher monthly payments, especially borrowers still under the SAVE forbearance

For Parent PLUS borrowers, make sure you:

- Consolidate your Parent PLUS loans if you would like to enroll them in an Income-Driven Repayment plan.
- You'll need to consolidate and apply for ICR before July 1, 2026.

Action Items



The background of the slide is a light green surface covered with numerous small, square wooden blocks. Each block has a black question mark printed on it. The blocks are scattered across the entire frame, creating a pattern of question marks. A semi-transparent green rectangle is positioned on the left side of the slide, containing the title text and a small icon.

Frequently Asked Questions



I submitted an
IDR application
months ago
and it's not
processed,
what do I do?



There's a current backlog of manual IDR applications with no estimated processing times.



If you'd like faster processing, we recommend resubmitting your application online on the [StudentAid.gov](https://studentaid.gov) website.



When submitting your application, make sure to provide consent for the Dept. of Education to obtain your federal tax information directly from the IRS for faster processing.

Should I get out of SAVE and apply for another IDR plan?



You should consider getting out of SAVE if:

- You want to receive PSLF credits.
- You want to receive IDR credits.
- If you are close to PSLF or IDR forgiveness
 - If you have reached 240 or 300 IDR credits, you'll need to switch into IBR to benefit from IDR forgiveness

You should consider sticking with SAVE if:

- You would benefit from not having to make a payment.
- You don't mind not receiving PSLF or IDR credits.
- You don't mind interest accrual.

This is a personal decision – there's no universal right answer!

I haven't heard back about my PSLF Buyback application and I'm still in the SAVE forbearance, what do I do?



You should consider waiting for a buyback if:

- You want a potentially lower payment amount based on previous IDR eligibility.
- You don't mind continuing to wait a long time for the buyback process.

You should consider restarting payments if:

- You only need to buyback a small number of payments and may get forgiveness faster.
- You don't mind making potentially higher payments than you may have made on Buyback.

Should I consolidate my loans?



Not recommended due to potentially losing IDR and/or PSLF credit.



The only exception is if you have Parent PLUS loans and want to access Income-Driven Repayment options and/or PSLF.

You must consolidate and apply for ICR by July 1, 2026.

I have Parent PLUS Loans, what do I need to know?



If you have not consolidated your Parent PLUS loans yet and would like to enroll them in an Income-Driven Repayment plan, you'll need to complete your consolidation and apply for ICR before July 1, 2026.



If you're an existing Parent PLUS borrower whose child is enrolled in a program by June 30, 2026, you are exempt from the new borrowing caps for three years.



If you plan on taking out Parent PLUS loans after July 1, 2026, see the next slide for important information.

My child will
be going to
college soon,
how does the
reconciliation
bill impact me?



As a Parent PLUS borrowers taking out loans
after July 1, 2026, you should consider:

You'll have lending caps of \$20k per year/dependent,
\$65k total/dependent

You'll only have access to the new Standard Repayment
plan for your Parent PLUS loans

You'll not access to Income-Driven Repayment (IDR)
plans or forgiveness on the new loans

Likely ineligible for PSLF forgiveness

I will be going
to college soon,
how does the
reconciliation
bill impact me?



As a student taking out loans after July 1, 2026, you should consider:

New aggregate lifetime loan limit of \$257,500 for all borrowers
(excludes Parent PLUS loans)

As a Grad Student, you'll have lending caps of \$20.5k/year, with a
\$100k total lifetime limit

As a Professional Student, you'll have lending caps of \$50k/year, with
a \$200k total lifetime limit

You'll only have access to two repayment plans:
RAP and the new Standard Repayment Plan

Existing borrowers enrolled in a program by June 30, 2026, are
exempt from new borrowing caps for three years

Know how to request assistance



Student Loan Advocate Resources



Watch other student loan webinars on the [Student Loan Advocate webpage](#).



[Subscribe for updates](#) from the Student Loan Advocate.



[Submit questions or complaints](#) to Student Loan Advocate.

Make sure to select “*Student Loan Questions and Complaints Form.*”

Currently, wait time for a response is about 6-8 weeks.

Upcoming Webinar



Public Service Loan Forgiveness (PSLF): Overview and Updates

- Wednesday, November 19, 12pm-1:30pm.
- Join us for a PSLF-focused presentation. We'll be covering some of the same information as today and applying it to how it impacts the PSLF Program.

[Register today!](#)

Thank you!

