



One Big Beautiful Bill Act

FAQs: Student Loan Repayment

On July 4, President Donald Trump signed into law a comprehensive budget reconciliation package, called the *One Big Beautiful Bill Act*, that makes significant changes to federal student loan repayment plans. Below are answers to frequently asked questions regarding these changes. Last updated July 28, 2025.

Q: What repayment plans will be available to borrowers with new loans originating on or after July 1, 2026?

A: Borrowers with new federal student loans originating on or after July 1, 2026, will have access to the new Standard Repayment Plan and the Repayment Assistance Plan (RAP). These are the only two repayment options available for new loans issued on or after that date.

Q: What repayment plans will be available to borrowers with loans originating prior to July 1, 2026?

A: Borrowers with loans issued before July 1, 2026 may remain on or enroll in the current Standard, Income-Based (IBR), Graduated, Extended, or RAP repayment plans.

Q: What if I borrowed loans before July 1, 2026 and I am already enrolled in the Income-Contingent Repayment (ICR), Pay As You Earn (PAYE), or Saving on a Valuable Education (SAVE) plan?

A: Borrowers currently enrolled in ICR, PAYE, or SAVE will be required to transition to either the current Standard, IBR, Graduated, Extended, or RAP repayment plans by July 1, 2028. If a transition is not made, the borrower will be automatically enrolled into RAP by the Education Department.



Q: If I have loans prior to July 1, 2026, but I also take out new loans after July 1, 2026, what repayment options will be available to me?

A: Borrowers that have loans prior to *and* after July 1, 2026 will only have access to the new Standard Repayment Plan and RAP. These are the only two repayment options available for borrowers with both old and new loans.

Q: What is the new Standard Repayment Plan, and who is eligible to enroll in it?

A: The new Standard Repayment Plan is a repayment plan that features fixed monthly payments and fixed terms based on loan balance. This repayment plan is available to borrowers with loans originating on or after July 1, 2026.

Q: How does the new Standard Repayment Plan calculate monthly payments?

A: Unlike the current Standard Repayment Plan that only provides for a 10-year repayment term, the new Standard Repayment Plan provides the following range of payment terms based on loan amount:

- Balances less than \$25,000: 10-year repayment term
- Balances between \$25,000 and \$49,999: 15-year repayment term
- Balances between \$50,000 and \$99,999: 20-year repayment term
- Balances greater than \$100,000: 25-year repayment term

Q: Does the new Standard Repayment Plan qualify for Public Service Loan Forgiveness (PSLF)?

A: *OBBA* does not explicitly state whether payments made in the new Standard Repayment Plan qualify for PSLF. This is an issue that the Education Department may need to address through guidance.

Q: What is RAP, and who is eligible to enroll in it?

A: RAP, which stands for Repayment Assistance Program, is a newly created income-driven repayment (IDR) plan. It is available to all borrowers with federal student loans (except for borrowers with Parent PLUS Loans).



Q: How does RAP calculate monthly payments and how does it deal with interest accrual?

A: RAP bases monthly payments on Adjusted Gross Income (AGI) and number of dependents with the following payment schedule:

Income	Monthly Payment	Income	Monthly Payment
\$10,000 or less	\$10	Between \$60,001 - \$70,000	6% of AGI
Between \$10,001 - \$20,000	1% of AGI	Between \$70,001 - \$80,000	7% of AGI
Between \$20,001 - \$30,000	2% of AGI	Between \$80,001 - \$90,000	8% of AGI
Between \$30,001 - \$40,000	3% of AGI	Between \$90,001 - \$100,000	9% of AGI
Between \$40,001 - \$50,000	4% of AGI	Over \$100,000	10% of AGI
Between \$50,001 - \$60,000	5% of AGI		

In terms of interest accrual, RAP waives any unpaid interest that remains after a borrower makes their monthly payment, preventing loan balances from growing due to accruing interest.

Q: Does RAP qualify for PSLF?

A: Yes, payments made under RAP count toward PSLF.

Q: Is there a forgiveness component in RAP, and if so, after how many years of qualifying payments?

A: Yes, RAP provides student loan forgiveness after 360 qualifying monthly payments (30 years).

Q: Can borrowers with loans originating on or after July 1, 2026 switch from the new Standard Repayment Plan to RAP and vice versa?

A: Yes. Borrowers with loans originating on or after July 1, 2026 may switch between the new Standard and RAP plans.



Q: Can borrowers with loans originating prior to July 1, 2026 switch back and forth between IBR and RAP?

A: Yes. Borrowers with existing loans originating before July 1, 2026 will retain access to IBR in addition to the new RAP plan and other standard plans. They will have the flexibility to switch between IBR and RAP.

Q: Are there limits on how long a borrower can be in deferment or forbearance?

A: Yes. New borrowers after July 1, 2027 will have a maximum of nine months of forbearance within any 24-month period. Additionally, deferment for economic hardship or unemployment will be eliminated for new borrowers after July 1, 2027.

Q: What, if any, changes were made to the PSLF program?

A: No changes were made to the PSLF program other than to clarify that payments made while enrolled in RAP will qualify for PSLF.