

KNOW BEFORE YOU GO:

NAVIGATING GRAD SCHOOL FINANCES AFTER JULY 1, 2026

Pursuing a master's or doctoral degree can be an excellent investment in your future if you choose a degree program that supports your goals. It is also critical to determine whether the positive outcomes you expect — whether that's career advancement, a salary increase, intellectual exploration, or the opportunity to enter a new professional field — are worth the financial investments you make in the educational program. This brief explains these changes with the goal of helping you chart a successful educational and career path.

Stay Up-to-Date

As of July 1, 2026, federal student aid policies regarding federal borrowing will change dramatically, with implications for how graduate students can borrow, budget, and plan their financial future.

Visit the GradSense website for updated information on federal lending and more information about financial planning for graduate school. Prospective graduate students should consult [Know Before You Go: Questions to Ask Before Graduate School](#) for financial questions they should be asking programs during the graduate school application process.

The End of Graduate PLUS Loans

For the last 20 years, the Graduate PLUS Loan Program (Grad PLUS) has provided unsubsidized federal loans to graduate and professional students. Grad PLUS loans have been an important financial resource to many Americans, by allowing unrestricted borrowing, fixed interest rates, income-driven repayment eligibility, and access to Public Service Loan Forgiveness (PSLF). The One Big Beautiful Bill Act (OBBA) eliminated the Grad PLUS Loan program, which will no longer be available to new borrowers, beginning on July 1, 2026.

New Loan Limits with Annual and Lifetime Limits

OBBA imposes annual, aggregate, and lifetime borrowing limits on graduate students, which will go into effect on July 1, 2026. These loan limits are illustrated in the table below.

LOAN TYPE	ANNUAL LIMIT (FROM 7/1/2026)	AGGREGATE LIMIT	OVERALL FEDERAL LIFETIME CAP
Graduate (non-professional)	\$20,500/yr	\$100,000	\$257,500 (all federal loans – undergraduate, graduate, professional)
Professional Degree	\$50,000/yr	\$200,000	\$257,500
Parent PLUS (for undergrad)	\$20,000/yr	\$65,000 per dependent student	\$257,500

WHAT IS A PROFESSIONAL DEGREE PROGRAM?

Since students in graduate degree programs can only borrow up to \$100,000, it is important to know if a program is classified as a graduate degree program or a professional degree program.

The U.S. Department of Education has specified that only the fields listed below meet the criteria of professional degree programs and are eligible for the \$200,000 aggregate borrowing limit.

- Law (LLB or JD)
- Medicine (MD)
- Osteopathic medicine (DO)
- Dentistry (DDS or DMD)
- Veterinary medicine (DVM)
- Optometry (OD)
- Podiatry (DPM, DP, or Pod D)
- Pharmacy (Pharm D)
- Chiropractic (DC or DCM)
- Theology (M Div or MHL)
- Clinical psychology (Psy D or PhD)

Financial Planning Strategies to Navigate the New Borrowing Environment

- Borrow only what you need each year, since every dollar borrowed early is a dollar unavailable later even if it is paid back.
- Request a cost projection from your financial aid office before enrolling in a graduate program to determine if federal aid can cover all or part of your program.
- If you cannot cover the cost of your program and need to take out private loans, check in with the financial aid office at your graduate institution to see if they have special partners or can provide guidance about the best loans to take out.
- In general, you should be very cautious about pursuing a private loan. The interest rates for such loans are higher, increasing the amount you will have to pay back, and you are not eligible for benefits like public loan service forgiveness (PSLF).

KEY DATES

July 4, 2025 – One Big Beautiful Bill Act signed into law.

July 1, 2026 – Grad PLUS loans will no longer be available to new borrowers beginning July 1, 2026, and subject to limited transition eligibility for certain continuing borrowers.

July 1, 2028 – Deadline for existing Grad PLUS loan borrowers in SAVE/PAYE/ICR to transition repayment plans to either the Tiered Standard Plan or RAP. These are repayment plans for federal loans. The SAVE, PAYE, and ICR plans will not be offered after July 1, 2028. You may transition your payment plan to either the Tiered Standard Plan or RAP. If you do not make the transition, your plan will automatically be moved to the Tiered Standard Plan.

Note on Exceptions: Students who borrowed a federal loan before July 1, 2026, may retain access to current terms for up to three academic years or the expected amount of time to complete a program, whichever is less. The expected time to complete a program is calculated based on a university's published time to degree. For example, if a university states it takes one year to complete a program, then loan eligibility is for that time.