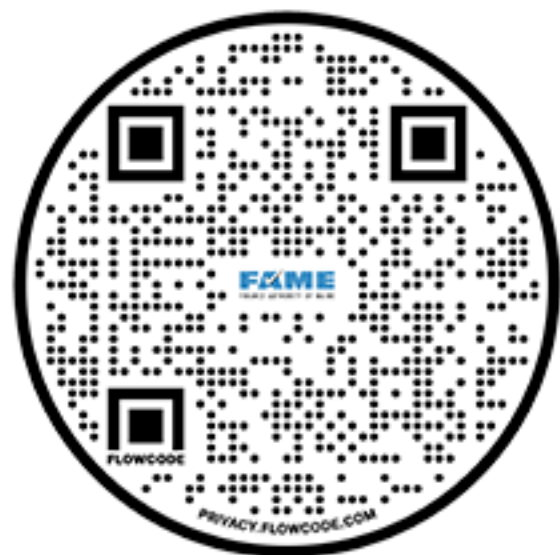


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Federal Update: Impact of H.R.1 and FAFSA Simplification on Paying for Higher Education

April 2, 2026

PRESENTED BY

Mila Tappan, Education Affordability Content and Training Manager
Nikki Vachon, Education Affordability and Financial Wellness Counselor



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Today's Topics

- Federal Loan Borrowing
- Federal Loan Repayment
- Pell Grant and FAFSA Formula Changes
- Recent FAFSA Updates
- Upcoming FAFSA Updates





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Federal Student Loan Borrowing Updates from H.R. 1



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Federal Parent PLUS Loan Borrowing

Federal Parent PLUS Loan Limits

(July 1, 2026)

Currently, parents can borrow up to the total cost of education minus the total amount of other financial aid the student is receiving.

H.R. 1 limits borrowing to **\$20,000 per year**, per dependent student, with a **\$65,000 aggregate** limit per dependent student.

There is an exemption, for up to three years, for parents who borrow a PLUS Loan before July 1, 2026.



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Federal Graduate Student Borrowing

Federal Graduate Loan Limits (July 1, 2026)

Currently, graduate students can borrow up to \$20,500 in Federal Direct Unsubsidized loans annually.

H.R. 1 maintains this annual loan limit of \$20,500 for graduate students and **sets a \$50,000 annual borrowing limit for professional students.** Lots of discussion regarding who is considered a professional student.

Aggregate limits are \$100,000 for graduate students and \$200,000 for professional students, not including amounts already borrowed as an undergraduate.

H.R. 1 eliminates the Graduate PLUS program, with an exemption, for up to three years, for students who borrow a Direct Loan before July 1, 2026.



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Federal Loan Borrowing

Lifetime Limit on All Federal Loans

H.R. 1 contains a \$257,500 borrowing cap on all federal student loans, excluding borrowed Parent PLUS loan amounts.

This limit includes amounts that have been repaid.

If a borrower has a Federal Direct Loan made before July 1, 2026, they can continue to borrow under current loan limits for up to 3 academic years.



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Federal Loan Borrowing

Loan Proration

(July 1, 2026)

A student's annual federal loan limit is **reduced** when they are **enrolled less than full-time or for shortened periods of enrollment**.

Loans will be prorated **based on enrollment intensity** when enrolled less than full-time.

Loans will also be prorated when student is attending for less than one academic year – for example only enrolled for fall as graduating in December.

Requirement applies to student loan borrowers, not parent borrowers.



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Federal Loan Repayment Updates from H.R. 1



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Federal Student Loan Repayment

Repayment Plans for New (July 1, 2026)

Borrowers with new loans on or after July 1, 2026, will have two options to repay their federal student loans:

- a **new standard repayment plan** with fixed monthly payments; or
- the **new income-based plan**, the *Repayment Assistance Plan (RAP)*

All loans must be paid under the same repayment plan, so borrowers with loans made before July 1, 2026, who take out additional loans on or after July 1, 2026, will only have RAP and the new standard repayment plan as options.

Current borrowers with no new loans made on or after July 1, 2026, will continue to be eligible to enroll in the following repayment plans: current Standard, current Income Based (IBR), Graduated, Extended, or the new income-based Repayment Assistance Plan (RAP).

Current borrowers enrolled in **ICR, PAYE, or SAVE repayment plans must transition** to one of the new eligible repayment plans (RAP, new Standard Plan, or Amended IBR) by July 1, 2028.



Federal Student Loan Repayment - Standard Plan – Effective July 1, 2026

Standard Repayment Plan

New standard plan with 4 fixed terms of 10, 15, 20, or 25 years based on the amount borrowed (or outstanding balance if in repayment).

- Up to \$24,999 – 10 years
- Between \$25,000 and \$49,999 - 15 years
- Between \$50,000 to \$99,999 - 20 years
- Over \$100,000 - 25 years

Repayment Assistance Plan (RAP)

- Payments are **based on the borrower's adjusted gross income (AGI) and family size (\$50 off monthly base payment per dependent)**
- The *base* payment will be based on AGI as follows:

Up to \$10,000 = \$120	\$50,001 to \$60,000 = 5 percent of AGI
\$10,001 to \$20,000 = 1 percent of AGI	\$60,001 to \$70,000 = 6 percent of AGI
\$20,001 to \$30,000 = 2 percent of AGI	\$70,001 to \$80,000 = 7 percent of AGI
\$30,001 to \$40,000 = 3 percent of AGI	\$80,001 to \$90,000 = 8 percent of AGI
\$40,001 to \$50,000 = 4 percent of AGI	\$90,001 to \$100,000 = 9 percent of AGI
	More than \$100,000 = 10 percent of AGI
- Minimum monthly payment is \$10

Federal Student Loan Repayment – RAP - Effective July 1, 2026

Repayment Assistance Plan

- If a borrower is married and **filing separately**, the spouse's AGI and number of dependents will not be included in the payment calculation.
- If the monthly payment isn't enough to cover accrued interest, the **interest is waived** and will not be added to the loan balance.
- If the borrower makes an on-time payment that reduces their principal by less than \$50, the **outstanding principal will be reduced by up to \$50**.
- No cap on monthly payments, even if the payment amount is higher than the standard repayment plan payment would be.
- The maximum repayment period is **30 years**. Remaining balance is forgiven after 360 qualifying monthly payments.
- Forgiveness under RAP is **treated as taxable income**, unless it is being forgiven under PSLF.



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Repayment – SAVE Forbearance

Borrowers in the SAVE Forbearance

As of **August 1, 2025**, interest began accruing on loans in the SAVE plan—even though payments are still paused. Loan balances are growing for people in the SAVE forbearance.

On March 9–10, 2026, the U.S. Court of Appeals for the 8th Circuit ordered the **SAVE plan terminated**.

Borrowers in SAVE forbearance will be **required to switch to a new repayment plan**, likely sometime in **spring 2026**.

The months in the SAVE forbearance **do NOT count** toward PSLF (unlike the COVID forbearance, although buyback may be an option).



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Federal Parent PLUS Loan Repayment

Repayment – Parent PLUS Borrowers

Any Parent PLUS Loans **borrowed on or after July 1, 2026** (including federal consolidation loans that include Parent PLUS Loans) can **only be repaid under the new tiered standard repayment plan**.

This includes parents with existing Parent PLUS Loans who borrow a new loan on or after July 1, 2026.

Current Parent PLUS Loan borrowers who don't borrow a new PLUS Loan will be able to repay their loans under the 10-year standard, Extended, or Graduated repayment plan until they are fully repaid.

Current Parent PLUS borrowers who borrow a Parent PLUS Loan on or after July 1, 2026, will have all their Parent PLUS Loans moved to the tiered standard repayment plan.

Parent PLUS Loan borrowers **who consolidate** their Parent PLUS Loans into a Direct Consolidation Loan and make a payment under the income-contingent plan before July 1, 2026, can stay on IRC until June 30, 2028, when they will be moved to the income-based repayment (IBR) plan.



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Parent PLUS, IDR, and PSLF

Very Important: Parent PLUS Loan Borrowers, IDR, and PSLF

Parents PLUS borrowers who want **access to an IDR plan** and/or **loan forgiveness through PSLF** for their Parent PLUS Loans must:

Consolidate their Parent PLUS Loans into a Direct Consolidation Loan and **enroll** in the income-contingent repayment (ICR) plan **prior to July 1, 2026, AND not borrow** a new Parent PLUS Loan on or after July 1, 2026.

The new tiered standard repayment plan does not count as a qualifying repayment plan for PSLF purposes.

As a result, **borrowing a new Parent PLUS Loan on or after July 1, 2026, prevents borrowers from receiving PSLF**, even if they have already made qualifying payments, as all Parent PLUS loans must be repaid under the new tiered standard repayment plan.

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Pell Grant and FAFSA Formula Updates from H.R. 1



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Workforce Pell

Workforce Pell Grant Program (July 1, 2026)

Eligible programs must be between **150-599 clock hours and 8-14 weeks**, offered by accredited institutions, and lead to a “portable, stackable” credential.

Programs must be approved by the state governor and align with in-demand jobs and meet employers’ needs.

Programs must meet **completion (70%), placement (70%), and value-added earnings** accountability metrics annually.

Available even to students who have a bachelor’s degree.

Students cannot receive a Workforce Pell and a “regular” Pell Grant at the same time.

Workforce Pell counts toward a student’s lifetime eligibility.



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Other FAFSA Related H.R. 1 Changes

FAFSA Asset Exemption

H.R. 1 restores the **exemptions for family farms and family-owned small businesses** (with fewer than 100 full-time employees) from the SAI calculation.

Students with high Student Aid Indexes will not be eligible for a Pell Grant if their **SAI is more than two times** the maximum Pell Grant. The SAI cutoff for 2026-2027 is \$14,790

A student will be ineligible for a Pell Grant if they are receiving other non-federal grant aid (e.g., state, college, or private scholarship funds) that, taken together, equals or **exceeds the student's full cost of attendance.**



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Recent (August 2025 forward) FAFSA Updates

StudentAid.gov Account Creation

- StudentAid.gov accounts are being matched with the Social Security Administration in **real time!**
- Individuals can create their account and start their FAFSA immediately and experience full functionality (including transfer of federal tax information, if available).
- If the account doesn't match, individuals will have the opportunity to fix issues and “re-match” in real time.

Parent invitation process

- Simplified! **Students only need to provide their parent email address.**
- Student can invite the parent even if the parents hasn't created their StudentAid.gov account yet.
- Invitation section is now at the end of the student section – after the “Colleges” section.
- No change to the invitation process when the parent starts the FAFSA and invites the student (**parent can't start the FAFSA if the student hasn't created their StudentAid.gov account**).



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2026-2027 FAFSA Updates

Student then reviews and signs the FAFSA. Below is the submission page – includes invite code.

Parent Contributor

Once your parent accepts the invitation, they can complete the parent section of this FAFSA form.

They may be asked to invite their spouse as a contributor too. You can check the status of contributor invitations from the "My Activity" page.

Parent

599887939test@testcod.edu

Invite Sent

Other Ways to Send the Invite ^

Copy and Send the Invite Link ⓘ

www.fafsa.gov/invite/7NDNUKA Copy Link

You can also have them go to www.fafsa.gov/invite and enter code: 7NDNUKA

Cancel Invite

Pending Submission
Check With Your Contributor

Parent Contributors

Requirements for Dependent Students

Your FAFSA® form can't be submitted until your contributor(s) fill out their section of the form and sign it. The last contributor to sign will be able to submit the form for processing.

Contributor(s)	Role	Invite Code	Status
599887939test@testcod.edu	Parent	7NDNUKA	Invite Sent

Manage Invitations

Track and Manage Your FAFSA® Form and Contributors

Your application has been added to the "My Activity" page in your StudentAid.gov account. Visit this page to keep track of your FAFSA status; review, edit, or delete information on your form; and monitor the status of your contributor(s).

View Status




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This is not a view from within StudentAid.gov or the FAFSA. This is the parent email and if the parent accepts the invite, they are taken to StudentAid.gov.


Federal Student Aid

Complete Your Section of Alex's FAFSA® Form



Hello,

Alex T. started their 2026–27 Free Application for Federal Student Aid (FAFSA®) form and needs your input as a contributor. Alex won't be eligible for federal student aid without your help.



Accept Invitation

You will need to log in to StudentAid.gov to accept the invitation. If you log in without selecting the "Accept Invitation" button, you will need to go to the "FAFSA® Form" menu at the top of the page, select "Accept Contributor Invite," and provide this code:

7X6XHXF



If this invitation was sent to you by mistake, [decline the invitation](#).


Why You Were Invited

We need some information from you to determine what aid Alex is eligible for. Without your input, they won't be eligible for federal student aid.

Being a contributor doesn't make you responsible for Alex's education costs.

The FAFSA® form is often used to determine a student's eligibility for state and school financial aid in addition to federal financial aid.

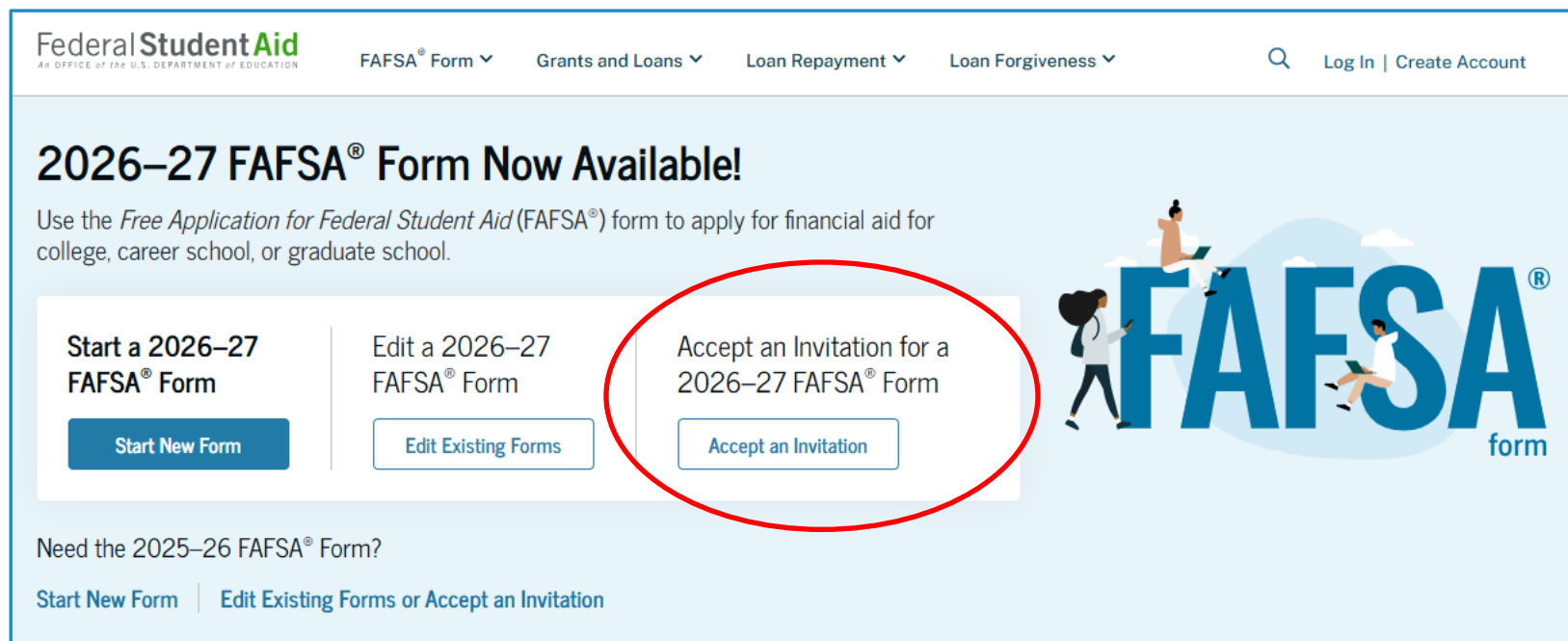
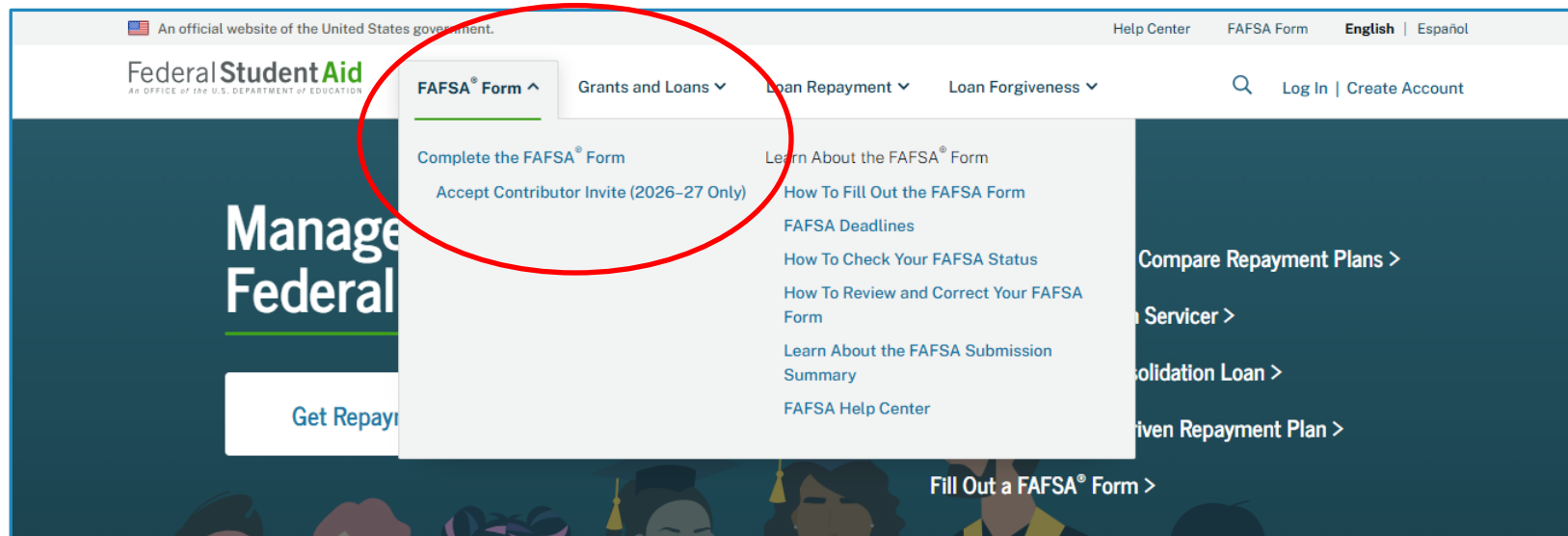
We recommend finishing early in case states or schools have earlier deadlines.

 Sign up for text alerts to stay updated on our grant programs, loan forgiveness programs, repayment plans, and information about your loans.



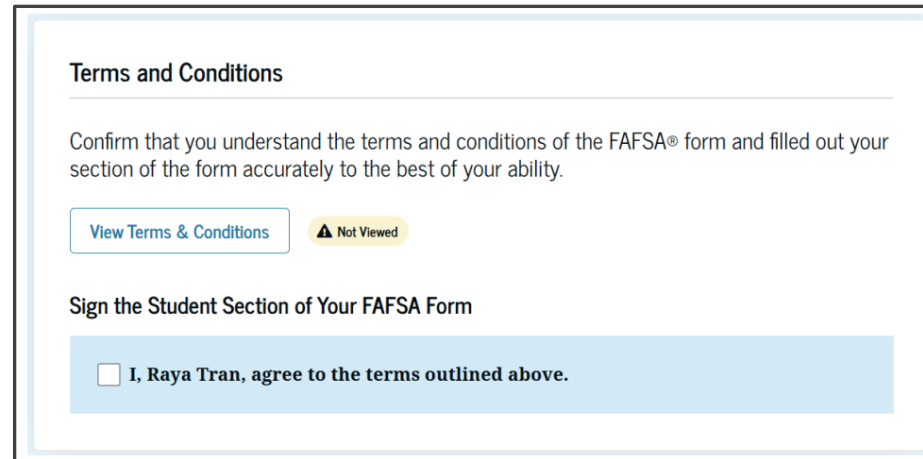
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If the parent or student spouse doesn't have the email but has the invite code, they can access the FAFSA in other ways!



Recent FAFSA Updates

- The four onboarding screens have been eliminated.
- Signature fix



The screenshot shows a section titled "Terms and Conditions" with a horizontal line underneath. Below the title, there is a paragraph of text: "Confirm that you understand the terms and conditions of the FAFSA® form and filled out your section of the form accurately to the best of your ability." Underneath this text are two buttons: "View Terms & Conditions" and "Not Viewed" (with a yellow warning triangle icon). Below the buttons, there is a section titled "Sign the Student Section of Your FAFSA Form" followed by a light blue rectangular box containing a checkbox and the text "I, Raya Tran, agree to the terms outlined above."

- No 45-day clock – FAFSAs aren't being deleted.
- The verification rate is very low this year – less than 1%.

FAFSA Reminders

- Transferred tax information **does not show in the FAFSA or on the FAFSA Submission Summary**, but the schools do receive the information.
- If individual was a non-tax filer in 2024, no income information is required.
- As part of FAFSA Simplification, the formula was updated to exclude the number in college. Here are some thoughts....



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Upcoming FAFSA Changes

Upcoming FAFSA Changes

By summer:

- FAFSAs will be **processed in seconds** (not days)
- Students will know immediately whether their FAFSA has been processed and see their SAI and Pell eligibility.
- If needed, corrections can be made immediately.

Upcoming FAFSA Changes

Next cycle:

- Individuals who contribute to multiple FAFSAs in the same cycle will have some information **prefilled** on subsequent forms.
- **Renewal FAFSAs** will also have some prefilled information.
- Users with an **ITIN** to import data from the IRS



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Questions?



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