Helping Students & Families Navigate the New Student Loan Landscape

October 30, 2026

PRESENTED BY

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Agenda



- Loan Basics and Available Loans for Undergraduate Students
- Parent PLUS Loans
- Loans for Graduate Students
- Changes to Loan Eligibility - Less than Full-Time Enrollment
- Repayment Plan Options Before & After HR 1
- Borrowers in the SAVE Forbearance

Direct Subsidized/Unsubsidized

- In student's name only
- No credit needed (FAFSA required)
- Flexible repayment
- Forgiveness Options
- 26-27 Interest rate 6.52% Fixed rate Origination fee: 1.057%

Parent Plus Loan

- In parent's name (never able to transfer to student)
- Credit based using parent credit history
- 26-27 Interest rate 9.06% fixed rate Origination fee: 4.228%
- If the parent is denied based on credit, student's Unsub loan increased

Private (Alternative) Loans

- In student's name with a co-borrower (most cases)
- Bank loan (not federal)
- Based on credit of co-borrower & Debt-to-income ratio
- Interest rates 2% to X%

  Variable & fixed rates

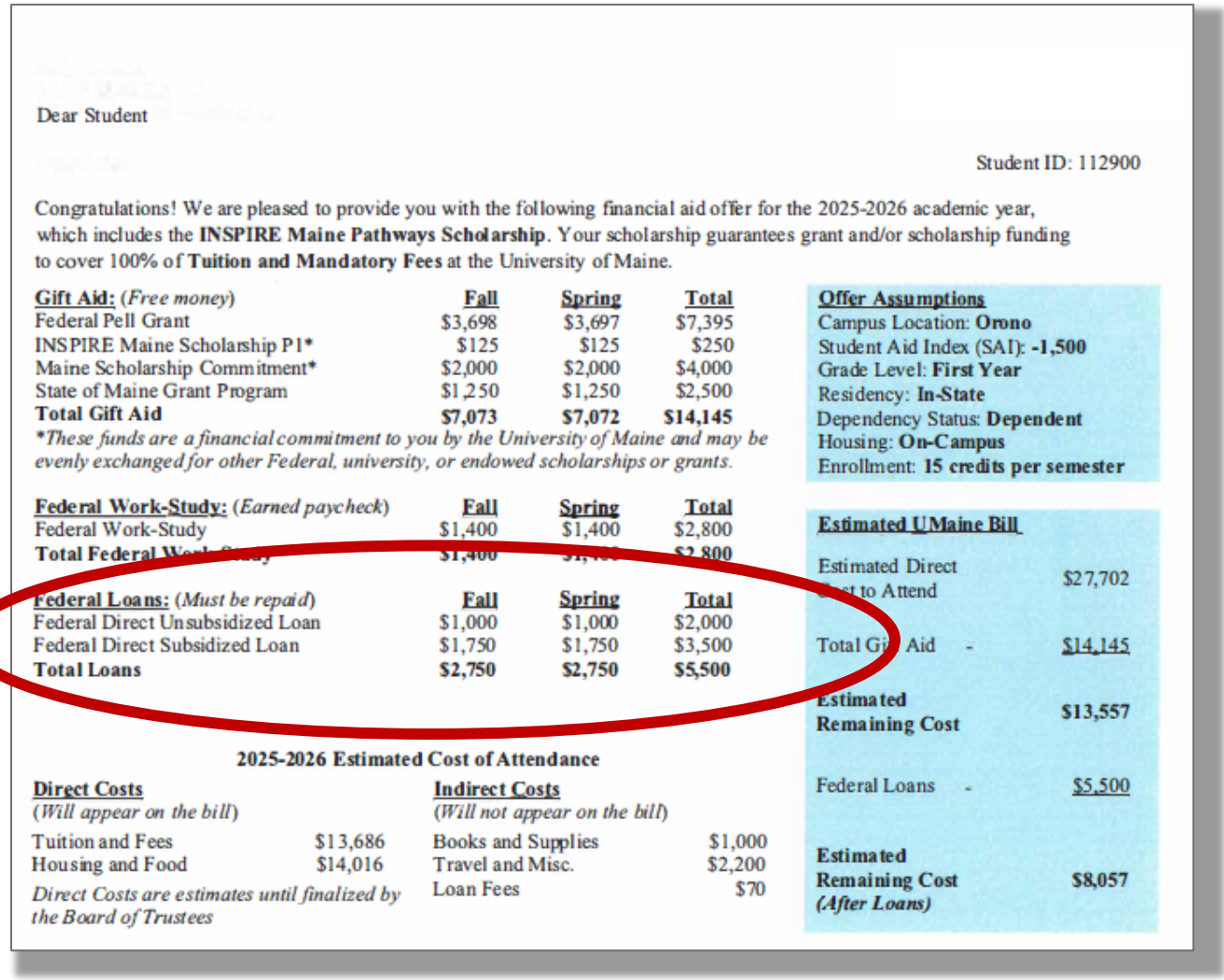
Direct Subsidized/Unsubsidized

Direct Subsidized

- Must qualify financially with FAFSA
- 0% interest while in school
- Interest starts accruing after leaving school (graduation or withdrawal)
- 6-month grace period after leaving school before repayment starts (one time only)

Direct Unsubsidized

- Everyone eligible qualifies*
- Interest starts accruing while in school
- 6-month grace period after leaving school before repayment starts (one time only)



Dear Student

Student ID: 112900

Congratulations! We are pleased to provide you with the following financial aid offer for the 2025-2026 academic year, which includes the **INSPIRE Maine Pathways Scholarship**. Your scholarship guarantees grant and/or scholarship funding to cover 100% of **Tuition and Mandatory Fees** at the University of Maine.

Gift Aid: (*Free money*)	Fall	Spring	Total
Federal Pell Grant	$3,698	$3,697	$7,395
INSPIRE Maine Scholarship P1*	$125	$125	$250
Maine Scholarship Commitment*	$2,000	$2,000	$4,000
State of Maine Grant Program	$1,250	$1,250	$2,500
Total Gift Aid	**$7,073**	**$7,072**	**$14,145**

**These funds are a financial commitment to you by the University of Maine and may be evenly exchanged for other Federal, university, or endowed scholarships or grants.*

Federal Work-Study: (*Earned paycheck*)	Fall	Spring	Total
Federal Work-Study	$1,400	$1,400	$2,800
Total Federal Work-Study	**$1,400**	**$1,400**	**$2,800**

Federal Loans: (*Must be repaid*)	Fall	Spring	Total
Federal Direct Unsubsidized Loan	$1,000	$1,000	$2,000
Federal Direct Subsidized Loan	$1,750	$1,750	$3,500
Total Loans	**$2,750**	**$2,750**	**$5,500**

2025-2026 Estimated Cost of Attendance

Direct Costs (*Will appear on the bill*)		**Indirect Costs** (*Will not appear on the bill*)	
Tuition and Fees	$13,686	Books and Supplies	$1,000
Housing and Food	$14,016	Travel and Misc.	$2,200
		Loan Fees	$70

Direct Costs are estimates until finalized by the Board of Trustees

Offer Assumptions
Campus Location: **Orono**
Student Aid Index (SAI): **-1,500**
Grade Level: **First Year**
Residency: **In-State**
Dependency Status: **Dependent**
Housing: **On-Campus**
Enrollment: **15 credits per semester**

Estimated UMaine Bill

Estimated Direct Cost to Attend	$27,702
Total Gift Aid -	$14,145
Estimated Remaining Cost	**$13,557**
Federal Loans -	$5,500
Estimated Remaining Cost (After Loans)	**$8,057**

Loan Limits

Federal Student Loan Limits – Undergraduate Students (Sub/Unsub)

DEPENDENT STUDENT

- First year student: $5,500
  - (no more than $3,500 subsidized)
- Second year student: $6,500
  - (no more than $4,500 subsidized)
- Third year student and beyond: $7,500
  - (no more than $5,500 subsidized)
- Aggregate limit: $31,000
  - (no more than $23,000 subsidized)

INDEPENDENT STUDENT (or dependent student whose parent was denied a PLUS loan)

- First year student: $9,500
  - (no more than $3,500 subsidized)
- Second year student: $10,500
  - (no more than $4,500 subsidized)
- Third year student and beyond: $12,500
  - (no more than $5,500 subsidized)
- Aggregate: $57,500
  - (no more than $23,000 subsidized)

Parent PLUS Loan - Basics

Federal Parent Loans

- PLUS – Parent Loan for Undergraduate Students
- The parent is the borrower, not the student
- Students are named on the promissory note, but these loans are not co-borrowed loans
- Parent PLUS Loans cannot be transferred to the student

Parent PLUS Loan - Eligibility

Federal Parent Loans

- Eligibility Criteria:
  - parent must be U.S. citizens or eligible non-citizens
  - parent cannot have an adverse credit history
  - student must also be enrolled at least half-time in a degree program at an eligible institution.
  - student must file a FAFSA and meet basic eligibility criteria
- Eligible parents are:
  - the parent(s) on the FAFSA, including the stepparent
  - the non-custodial parent (not listed on the FAFSA if not living together)
  - ⦸ A non-custodial parent's spouse is not eligible.

Parent PLUS Loan - Limits

Federal Parent PLUS Limits

- As of July 1, 2026:
  - Annual limit: $20,000 per dependent student
  - Aggregate limit: $65,000 per dependent student
- Legacy (Grandfathering) Provision:
  - Students may qualify if:
    - They remain continuously enrolled in the same program of study at the same institution as they were enrolled as of June 30, 2026, AND
    - They had a Direct Loan disbursed for that same program before July 1, 2026.
  - Eligible students may continue borrowing under the current rules for:
    - up to 3 additional academic years, or
    - until they complete the program (whichever comes first).
  - Changing programs or institutions ends legacy eligibility.
- Previous/Legacy Limits:
    - Annual limit: Cost of Attendance (COA) minus all other financial aid
    - Aggregate limit: no dollar limit

Reminder: SOR **does not apply** to Parent PLUS Loans

Federal Student Loans – Graduate Limits

Federal Student Loan Limits – Graduate Students (Unsub only)

- As of July 1, 2026:
  - Graduate Programs
    - Annual limit (see exception for professional programs): $20,500
    - Aggregate limit: $100,000, not including any undergraduate borrowing
  - Professional Programs (defined on next slides)
    - Annual limit: $50,000
    - Aggregate limit: $200,000, not including any undergraduate borrowing
  - New lifetime maximum is $257,500 total federal student loans
- Previous/Legacy Limits:
  - Annual limit: $20,500 (and continued access to Grad PLUS)
  - Aggregate limit: $138,500 total, including any federal loans borrowed for undergraduate study

Federal Student Loans – Professional Programs

Professional Program Definition

The following 11 programs were the only programs defined as professional programs by the Department of Education:

Degree Program	
Pharmacy (Pharm.D.)	Optometry (O.D.)
Dentistry (D.D.S.; D.M.D.)	Osteopathic Medicine (D.O.)
Veterinary Medicine (D.V.M.)	Podiatry (D.P.M.; D.P.; Pod.D.)
Chiropractic (D.C.; D.C.M.)	Theology (M.Div. or M.H.L.)
Law (L.L.B.; J.D.)	Clinical Psychology (Ph.D.; Psy.D.)
Medicine (M.D.)	

FAME

As of 10/23/26, Doctor of Naturopathy (N.D.) and Doctor of Naturopathic Medicine (N.M.D.) were added to the list.

Federal Student Loans – Professional Programs

On June 24, 2026, in response to a lawsuit, the professional program definition has been *temporarily* expanded to the following programs:

Degree Program	
Veterinary Medicine (D.V.M.)	Dentistry (D.D.S.; D.M.D.)
Law (L.L.B.; J.D.)	Anesthesiologist Assistant (CAA)
Divinity/Ministry (M.Div.)	Physician Associate/Assistant (MSPA; PA)**
Rabbinical Studies (M.H.L.)	Athletic Training/Trainer (MSAT; MAT)
Clinical Psychology (Ph.D.; Psy.D.)	Medicine (M.D.)
Counseling Psychology (Psy.D.)	Osteopathic Medicine (D.O.)
School Psychology (Psy.D.)	Podiatry (D.P.M.; D.P.; Pod.D.)
Clinical Child Psychology (Psy.D.)	Optometry (O.D.)
Health/Medical Psychology (Psy.D.)	Pharmacy (Pharm.D.)
Family Psychology (Psy.D.)	Occupational Therapy/Therapist (OT; MSOT; OTD)
Forensic Psychology (Psy.D.)	Physical Therapy/Therapist (PT; DPT)
Clinical, Counseling and Applied Psychology, Other (Psy.D.)	Registered Nursing/Registered Nurse (MSN)
Chiropractic (D.C.; D.C.M.)	Nurse Anesthetist (DNAP)
Audiology/Audiologist (AuD)	Nursing Practice (DNP)
Speech-Language Pathology/Pathologist (SLP)	

Federal Student Loans – Grad PLUS Limits

Federal Student Loan Limits - Grad PLUS

- As of July 1, 2026, the Grad PLUS Loan Program has been eliminated for new borrowers.

- Legacy (Grandfathering) Provision:
  - Students may qualify if:
    - They remain continuously enrolled in the same program of study at the same institution as they were enrolled as of June 30, 2026, AND
    - They had a Direct Loan disbursed for that same program before July 1, 2026.
  - Eligible students may continue borrowing under the current rules for:
    - up to 3 additional academic years, or
    - until they complete the program (whichever comes first).
  - Changing programs or institutions ends legacy eligibility.
- Previous/Legacy Limits:
    - Annual limit: Cost of Attendance (COA) minus all other financial aid
    - Aggregate limit: no dollar limit

HR 1 Changes to Loan Eligibility for Less than Full-Time Enrollment

Schedule of Reduction (SOR)

Schedule of Reduction

- Who: Student borrowers enrolled less than full-time
- Loans: Direct Subsidized, Direct Unsubsidized, and eligible Grad PLUS
- When: Loan periods beginning on or after July 1, 2026
- Not included: Parent PLUS loans

Key Points

- Not the same as proration, which already existed and applies to students enrolled in a program for less than an academic year
- Applies even to “legacy” borrowers.

Schedule of Reduction (SOR)

Schedule of Reductions: When Student Enrolls Less-Than Full-Time

How the reduction works

$$\frac{\text{Credits enrolled across the academic year}}{\text{Credits required for full-time enrollment across the academic year}} = \text{Loan-limit percentage}$$

rounded to nearest whole %

Example: dependent first-year student

6 fall credits + 6 spring credits

$$\frac{12}{24} = 50\%$$

$5,500 annual limit × 50% = $2,750 maximum

The school performs the official calculation before each disbursement.

Schedule of Reductions (SOR)

Schedule of Reductions: When Enrollment Drops After Disbursement

Example assumes a dependent first-year student and 12 credits per term as full time.

1 Fall disbursement

12 credits • Full time

The school confirms full-time enrollment and disburses $2,750, one-half of the student's $5,500 annual loan limit.

→

2 After add/drop

Drops to 6 credits • Half time

Because enrollment changed after the valid disbursement, the school is not required to recalculate or reduce the fall disbursement.

→

3 Before spring disbursement

Spring enrollment: 12 credits • Full time

The school must recalculate the annual limit using the enrollment information that applies when it determines eligibility for the spring disbursement.

Spring recalculation

Fall actual credits **6** + Spring credits **12** = **18 credits**

18 credits enrolled ÷ 24 full-time credits = 75%

$5,500 × 75% = $4,125 reduced annual limit

Result

$4,125	reduced annual limit
-$2,750	already disbursed in fall

Remaining spring loan eligibility: $1,375

Key takeaway: No required retroactive fall adjustment, but the next disbursement must reflect the student's updated annual enrollment.

Repayment Plan Options
Before & After HR 1

Repayment Plans for Borrowers who borrowed BEFORE 7/1/26	Repayment Plans for Borrowers who borrow ANY FEDERAL LOAN AFTER 7/1/26
Standard (10 year)	Standard Tiered
Graduated repayment	
Extended repayment	
Extended graduated repayment	
Old/New Income Based Repayment	
Paye as You Earn (PAYE) (only through June 30, 2028)	
Income Contingent Repayment (ICR) (only through June 30, 2028)	
Repayment Assistance Plan (RAP)	Repayment Assistance Plan (RAP)

Repayment – New/Continuing Student Borrowers

Repayment Plans for New Borrowers

- 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 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.

Repayment – Tiered Standard Repayment Plan

Tiered 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).

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

Example: Borrowed $24k
10 years to repayment
$273/month
Total repaid: $32,7002

Example: Borrowed $30k
15 years to repayment
$261/month
Total repaid: $40,040

Example: Borrowed $80k
20 years to repayment
$596/month
Total repaid: $143,150

Repayment – Repayment Assistance Plan (RAP)

Repayment Assistance Plan

- Payments are based on the borrower's adjusted gross income (AGI) and family size
- The *base* payment will be based on AGI as follows:
  - Up to $10,000 = $120
  - $10,001 to $20,000 = 1 percent of AGI
  - $20,001 to $30,000 = 2 percent of AGI
  - $30,001 to $40,000 = 3 percent of AGI
  - $40,001 to $50,000 = 4 percent of AGI
  - $50,001 to $60,000 = 5 percent of AGI
  - $60,001 to $70,000 = 6 percent of AGI
  - $70,001 to $80,000 = 7 percent of AGI
  - $80,001 to $90,000 = 8 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
- Reduces payments by $50 per month per dependent

Example:

AGI: $75,000
RAP will use 7% of AGI:

$75,000 x .07= $5250
$5250/12 months = $437/month

($50/month deduction in payment for each dependent)

Repayment – Repayment Assistance Plan (RAP)

Repayment Assistance Plan

- If the monthly payment is not 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 the does not reduce principal by at least $50, the Department of Education provides a principal payment up to $50.
- The maximum repayment period is 30 years. Remaining balance is forgiven after 360 qualifying monthly payments.
- This repayment plan does count towards Public Service Loan Forgiveness (PSLF).

Parent PLUS Loan Repayment

- New Parent PLUS Loan borrowers, as well as prior borrowers who borrow again after July 1, 2026, will only have the standard tiered repayment option
  - Four fixed terms of 10, 15, 20, or 25 years based on the amount borrowed:
    - Up to $24,999: 10 years repayment
    - Between $25,000 and $49,999: 15 years repayment
    - Between $50,000 to $99,999: 20 years repayment
    - Over $100,000: 25 years repayment

- Prior Parents PLUS Loan borrowers who don't borrow any new loans after July 1, 2026 maintain their prior options including:
  - 10-year standard repayment plan
  - Extended repayment plan
  - Graduated repayment plan
  - In limited cases with additional steps: Income contingent (ICR) and/or income-based repayment (IBR)

Deferment & Forbearance

New Rules to Know

HR 1 changed deferment and forbearance rules:

For loans received **before** July 1, 2027, forbearance can be granted for up to 12 months.

For loans received **after** July 1, 2027, forbearance may be granted for up to 9 months within a 24-month period.

- The other big change is that there will be no more deferments granted for economic hardship or unemployment for loans made on or after July 1, 2027.

Borrowers in the SAVE Forbearance

Repayment – SAVE Forbearance

Borrowers in the SAVE Forbearance

- As of August 1, 2025, interest began accruing on loans in the SAVE plan. Loan balances continue to growing for people still n the SAVE forbearance.
- A legal settlement ended the SAVE plan.
- Borrowers in SAVE will receive a notice with a 90-day window to switch plans (servicers started sending notices on July 1, 2026).
- Failure to switch will result in being moved to the Standard plan.
- The months in the SAVE forbearance do NOT count toward forgiveness (unlike the COVID forbearance, though buyback may be an option if pursuing PSLF).

Options for those in SAVE Forbearance

Enroll in an Income-Based Repayment Plan

- Repayment Plans that count towards PSLF for OLD BORROWERS
  - "Old" Income Based Repayment (IBR)
  - "New" Income Based Repayment (IBR)
  - Pay As You Earn (PAYE) (only available through July 30, 2028)
  - ~~Saving on a Valuable Education (SAVE) plan~~
  - Income Contingent (only available through July 30, 2028)
  - Repayment Assistance Plan (RAP)
- Repayment Plans that count towards PSLF for NEW BORROWERS
  - Repayment Assistance Plan (RAP)

Or would it be cheaper to pay off quickly?

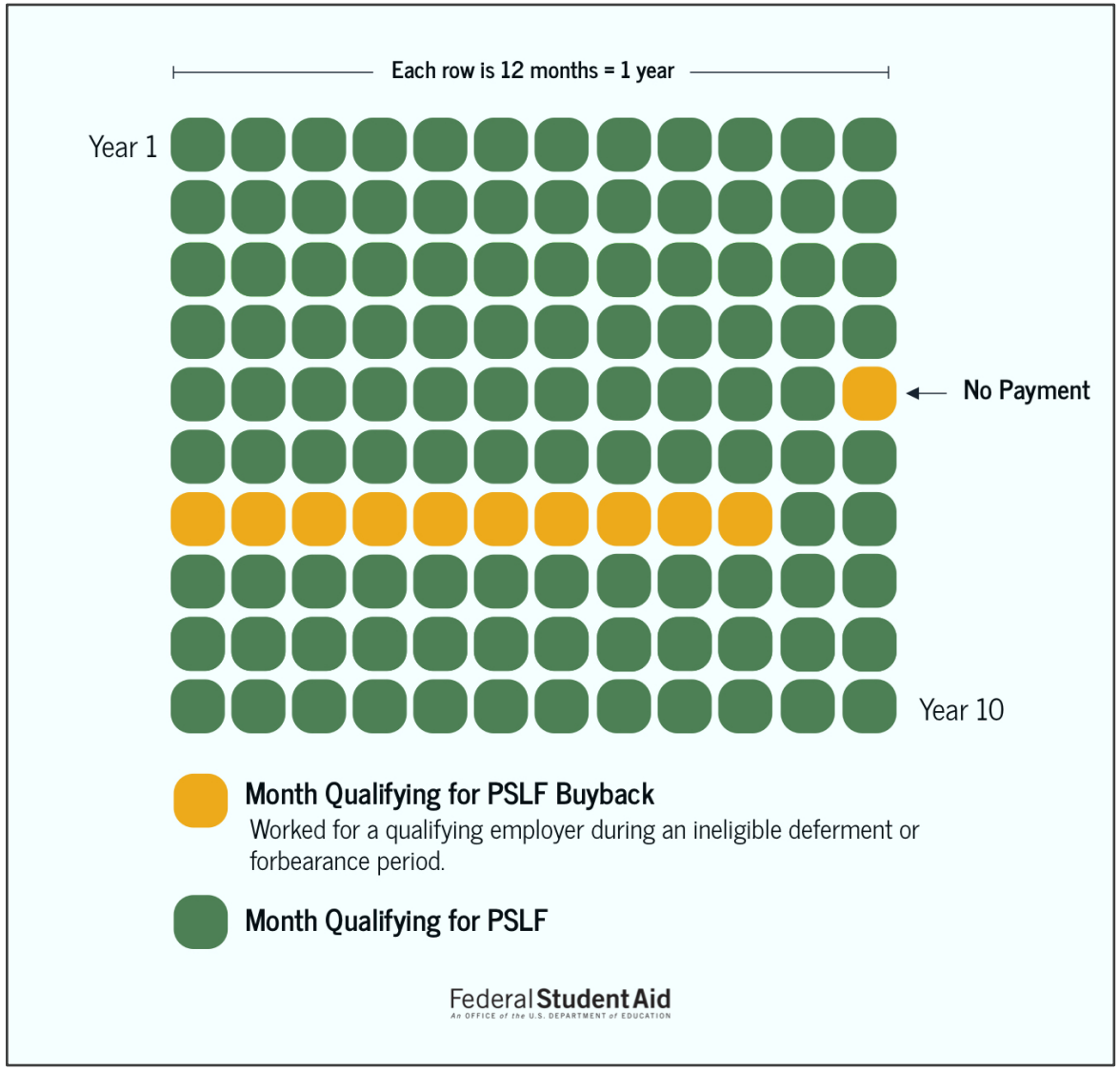
Enroll in Auto Pay!

Special Auto Pay Interest Rate

- As of July 1, 2026, certain federal Direct Loans are eligible for a 1% interest-rate reduction while enrolled in Auto Pay.
- Eligible loans are those first disbursed on or after July 1, 2012.
- Deadline to enroll is Dec. 31, 2026.
- Special benefit ends June 30, 2028, when rate reduction will return to the standard 0.25 %.
- Can’t enroll while new payment plan application is being processed so plan ahead.

Buy Back Option for PSLF

- Cannot apply until you have 120 certified months of employment, including the months you are buying back
- Allows you to pay, in a lump sum, what you would have paid under an IDR plan if you'd be in repayment during that period
- Cannot use for periods prior to a consolidation or when you were on an ineligible plan or in default
- Can use for periods of deferment and forbearance that don't already count
- Apply at www.studentaid.gov
- Currently taking two+ years to process



Questions?

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