

The Trump-McMahon Student Loan Crisis

WHAT'S CHANGING & HOW TO FIGHT BACK

On July 1, the Trump Administration implemented the harshest changes ever in the student loan system, making federal student loans more expensive and harder to access. Learn exactly how these new rules affect you and the immediate steps you should take to protect yourself.

BEGINNING

JULY 1
2026

- Student loan servicers Began sending notices to borrowers about the end of the SAVE plan.
- The Department of Education launched the new Repayment Assistance Plan.
- Grad PLUS loans are no longer be available to new borrowers.
- Eligibility for income-driven repayment ends for parent PLUS borrowers with unconsolidated loans.

01 DO THESE THREE THINGS NOW

No matter your loan type or repayment plan

1

KNOW YOUR PLAN

Log in to [StudentAid.gov](https://studentaid.gov) and confirm which repayment plan you're on and whether you're in forbearance or active repayment. Understanding where you are now is the first step.

2

CERTIFY YOUR EMPLOYMENT

Submit your form through the [PSLF Help Tool](#)—every year, and every time you change jobs. Annual certification catches servicer errors early.

3

SAVE YOUR RECORDS

Download and screenshot your loan documents, payment history and PSLF payment tracker from [StudentAid.gov](https://studentaid.gov): [My Aid](#) → [View Details](#) → [Download My Aid Data](#). If you're applying to a new income-driven repayment plan, keep copies of all your submissions.

02 FIND OUT WHICH DEADLINE APPLIES TO YOU

Each borrower faces different deadlines

URGENT

If you're on the SAVE plan

The Saving for a Valuable Education (SAVE) plan has ended. Borrowers with loans in the SAVE plan have been sitting in forbearance for years, and interest has been accruing since August 2025, so balances have grown. **Starting July 1**, servicers sent notices giving you a 90-day window to choose a new plan. If you miss this deadline, you'll be moved automatically to a standard plan—which means your payment could grow by hundreds of dollars a month. Your servicer may also re-amortize your loans, which means they could stretch out your repayment period even longer.

Make sure your contact information is up to date on both your servicer's website and on StudentAid.gov so you can be sure you're receiving the latest communications about your loans. Watch for your servicer's notice and choose a plan before your 90 days run out. If you're pursuing Public Service Loan Forgiveness, pick an income-driven plan that qualifies (we recommend Income-Based Repayment or Pay As You Earn Repayment, if you're eligible). Use the Repayment Plan Calculator at edcapny.org/resources-for-borrowers/repayment-plan-calculator/ to compare.

STAY ON TRACK

If you're pursuing PSLF

The core of Public Service Loan Forgiveness is unchanged: 120 qualifying payments (over at least 10 years of full-time employment with a qualifying employer) still leads to loan forgiveness. A new rule that let the Department of Education disqualify a small number of employers it deems to have a "substantial illegal purpose" was vacated by federal courts after AFT and our coalition partners sued the Department over the changes.

Keep certifying employment annually, make sure you're on a qualifying plan (Income-Based Repayment, Pay As You Earn, Income-Contingent Repayment or a Repayment Assistance Plan), and save every confirmation. Don't pause your certifications during the transition.

PLAN AHEAD, BUT DON'T STRESS

If you're on PAYE or ICR

These plans are being phased out, but not until July 1, 2028. Eventually, you'll need to switch to an Income-Based Repayment Plan or the new Repayment Assistance Plan. However, your payment amount under Pay As You Earn or Income-Contingent Repayment is likely lower than what it will be under the other repayment options, so continue to make payments under your current plan until it's time to switch in 2028.

02 BEFORE YOU ENROLL (cont.)

New borrowing limits

If you're a parent considering taking out loans for your child

As of July 1, 2026, parents will only be able to take out \$20,000 in parent PLUS loans per year, per dependent, with a total cap of \$65,000 per dependent. Also, parent PLUS borrowers will no longer be eligible to enroll in income-driven plans or be able to pursue PSLF.

If you're considering graduate school

The Department of Education instituted new loan limits that will make it harder for students pursuing graduate degrees to obtain federal financial aid. After July 1, 2026, graduate students will be limited to borrowing \$20,500 per year, up to a total of \$100,000.

If you already started your graduate program, you might qualify for an "interim exception." If so, the new loan limits won't take effect until the 2029-2030 school year.

03 WHAT'S THE NEW PLAN?

The Repayment Assistance Plan is available as of July 1, 2026. RAP will be the main income-driven repayment option going forward and, for new borrowers, the only option.

THE TRADE OFF

Payments are based on your total income instead of your discretionary income, and the forgiveness clock for borrowers not pursuing PSLF is longer than for other income-driven repayment plans.

04 CRITICAL DATES

JULY 1, 2026

RAP launches; new PSLF employer rules take effect; grad students face new borrowing caps; servicers begin sending notices to borrowers enrolled in SAVE telling them to switch plans.

90 DAYS AFTER YOUR SAVE NOTICE

This is your deadline to choose a new plan. Most borrowers notified in early July will be back in active repayment by late September 2026. No choice = automatic move to a standard plan.

JULY 1, 2028

PAYE and ICR are eliminated. Borrowers must enroll in IBR or RAP; anyone who hasn't enrolled in a different plan is automatically enrolled in standard repayment.

05 WATCH OUT

- ! **Never pay for help.** Switching plans, consolidating and certifying employment are all free at StudentAid.gov. Anyone charging a fee or promising instant forgiveness is a scam.
- ! **Don't ignore your servicer's notice.** The 90-day SAVE clock starts when the notice arrives.
- ! **Keep your own paper trail.** Screenshot everything: payment counts, plan status, employment certifications. Your records are what you'll need if a servicer makes an error.

06 WHERE TO GET HELP

You don't have to figure this out alone. The AFT has free tools and people ready to help.

GET AFT STUDENT DEBT & PSLF UPDATES

Bookmark this link today: aft.org/pslf. The AFT regularly updates this page with the latest top-line information on changing policies, upcoming deadlines and resources to help you protect your progress toward loan forgiveness.

REGISTER FOR FUTURE STUDENT DEBT CLINICS

[Register](#) for an upcoming free AFT student debt clinic.

SHARE YOUR STORY

Help the AFT identify issues and fight for better policies by sharing your student debt experience at go.aft.org/DebtJourney.

QUESTIONS?

If you have questions about your loans, get stuck or have trouble accessing tools, contact the AFT directly at debtclinic@aft.org.

OFFICIAL FEDERAL STUDENT AID PORTALS

FSA DASHBOARD

Log in to StudentAid.gov to check your loan types, verify your current repayment plan and update your email and postal addresses so you don't miss critical servicer communications.

PSLF HELP TOOL

Complete your Public Service Loan Forgiveness employment certification digitally at StudentAid.gov/pslf.

IDR APPLICATION

Apply for an income-driven repayment plan or estimate your monthly payments across different plans at StudentAid.gov/idr.