

FAQs: What the 2025 Federal Aid Changes Mean for College Families

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| 1. | Does this apply to my existing Parent PLUS loans? | Currently, the OBBBA does not specify whether previously borrowed amounts will be included in the new lifetime cap. Most experts believe it is unlikely to apply retroactively, but families should plan conservatively until official guidance is released. Stay informed by monitoring the Department of Education's updates and consulting with your financial aid office or loan servicer. If you're nearing the cap, consider alternative financing options. |
| 2. | When do these changes take effect? | All OBBBA changes take effect July 1, 2026, affecting the 2026-2027 academic year and subsequent years. Current students and families have time to adjust their plans. |
| 3. | What happens if I know we will exceed the \$65,000 Parent PLUS limit and I want my child to attend their dream college? | Get expert advice and start exploring alternative financing options now. This might include private loans, home equity loans, or adjusting your student's college choice. The key is planning ahead rather than waiting until you hit the limit. |
| 4. | Are there any alternatives to federal loans now? | Yes, but they often come with stricter requirements. Options include private student loans, home equity loans, borrowing from retirement funds, or prioritizing more affordable colleges. Each has different terms and risks that should be carefully evaluated to determine whether they make sense for your family. |
| 5. | How will this affect my student's college choice? | Many families will need to prioritize both financial and academic fit. This means considering in-state tuition, schools with strong merit aid (scholarships based on grades, test scores & activities), or attending a community college for the first two years. The goal is to avoid excessive debt while still getting a quality education. |
| 6. | Should my student take a gap year because of these changes? | A gap year might make sense if you need time to earn additional income, explore more affordable options, or wait for more precise guidance on the new rules. However, this should be a strategic decision, not a panic response. |