AAMC FIRST Team
January 15, 2026

Federal Student Loans and Repayment Plans: Key Updates Amid Ongoing Policy Changes

Disclaimer: The information presented reflects our preliminary interpretation of pending federal regulations as of January 2026 and may be subject to change as final rules are issued.

Your Presenters

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Today's Agenda

- Understanding Student Aid Policy Changes Under the OBBBA
- Repayment Plan Scenarios & MLOC Updates
- Borrower Scenarios: What Does This Mean for Me?
- Resources to Stay Informed

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Understanding Student Aid Policy Changes Under the *One Big Beautiful Bill Act* (OBBBA)

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Reconciliation Legislation Impacts Student Aid Policies

- *One Big Beautiful Bill Act* (OBBBA), H.R. 1
- Signed by President Donald Trump July 4, 2025 (PL 119-21)
- Impacts many AAMC priorities including major changes in the higher education and student financial aid space.
- The Department of Education finalizing regulations to implement the new policy framework.

OBBBA Student Aid Provision Implementation

Department of Education Negotiated Rulemaking

- Title IV student aid changes require a formal rulemaking process under the *Higher Education Act*.

- Department of Education convened the Reimagining & Improving Student Education (RISE) Committee to implement OBBBA student loan provisions.

- Key topics addressed:
  - Elimination of Grad PLUS
  - Defining graduate & professional programs under OBBBA loan limits
  - Legacy exceptions & enrollment breaks
  - Health professions exemption eligibility
  - New student loan repayment plans

- Final outcome: consensus reached on 17 regulatory proposals.

OBBBA Student Aid Provision Implementation

Department of Education Negotiated Rulemaking – Next Steps

- Awaiting draft regulations anticipated early 2026.
- Publication in *Federal Register* initiates public comment period.
- Following public comment review, Department to publish final rules expected Spring 2026.

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OBBBA Changes: Elimination of Grad PLUS

New Borrowers

- Eliminates Grad PLUS borrowing up to cost of attendance, effective July 1, 2026.
  - Applies to graduate and professional students for any new period of instruction beginning on or after July 1, 2026.

Existing Borrowers – Legacy Exceptions

- Borrowers enrolled as of June 30, 2026, with a Direct Loan disbursed as of this date for the applicable program of study, may continue borrowing under Grad PLUS until expected time to credential or up to three academic years.
  - Interim exception eligibility tied to specific enrollment periods, with disbursement of Direct Loan
  - Continuous enrollment in the same institution and program of study
  - Limited flexibility may be available for a Leave of Absence that meets regulatory definition (34 CFR 668.22)
  - Legacy eligibility may be lost if a borrower extends beyond three academic years or withdraws/ceases enrollment.

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OBBBA Changes: Unsubsidized Direct Loan Limits

New Borrowers

- Establishes “professional” degree Direct Unsubsidized loan limit of $50K annually, $200K aggregate (includes prior graduate borrowing), effective July 1, 2026.
    - Applies to graduate and professional students for any new period of instruction beginning on or after July 1, 2026
    - Introduces lifetime federal student loan borrowing limit of $257,500
    - New borrowers not eligible for existing health professions exemption

Existing Borrowers – Legacy Exceptions

- Borrowers enrolled as of June 30, 2026, with a Direct Loan disbursed as of this date for the applicable program of study, may continue borrowing under current Direct Unsubsidized limits until expected time to credential or up to three academic years.
    - Interim exception eligibility tied to specific enrollment periods, with disbursement of Direct Loan
    - Continuous enrollment in the same institution and program of study
    - Limited flexibility may be available for a Leave of Absence that meets regulatory definition
    - Health professions exemption will still apply
    - Legacy eligibility may be lost if a borrower extends beyond three academic years or withdraws/ceases enrollment

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Federal Direct Unsubsidized Loans
Graduate and Professional Student Borrowers

Federal Direct Unsubsidized Loans for Health Professions Students (“Professional Students” category)	**Annual Limit**	**Total Limit** **(for all grad./prof. degrees)**	**Lifetime Aggregate Limit** **(including undergrad)**
Current limits for AY2025-2026	$40K-$47K*	$175,000*	$224,000
New limits for AY2026-2027 (starting 7/1/26; likely impacts next year’s M1 class)	$50,000	$200,000 (for MD, MD/PhD, MD/MPH, MD/MBA, etc.)	$257,5000

Note: Grad PLUS loans eliminated for all new graduate and professional students as of 7/1/26
Currently, borrowers that need them use Grad PLUS loans to meet full COA

*Current limits for All M.D. + Health Professions students (from 2007 list**) vary based on length of curriculum (9 to 12 months); typical M.D. curriculum results in roughly $175,000 four-year limit for Unsubsidized loan borrowing

**Applies to: M.D., D.O., and Doctors of: Dentistry, Veterinary Medicine, Optometry, Podiatric Medicine, Naturopathic Medicine, Naturopathy
Per current Dep’t. of Education regulations these degrees have higher limits in recognition of higher costs

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OBBBA Changes: Loan Repayment

New Borrowers

Borrowers with loans disbursed after July 1, 2026, can access the following plans:

- **"New Standard" Plan** – 10-25 year fixed repayment term
  - ➢ Repayment length based on balance owed with >=$100K = 25 years
  - ➢ Most MD borrowers will repay for 25 years
- **Repayment Assistance Plan (RAP)** – income-driven plan, up to 30-year term for MD borrowers
  - ➢ Potential for both unpaid interest relief and $50 monthly principal reduction
  - ➢ Eligible for Public Service Loan Forgiveness; deferment & forbearance periods will not count

Existing Borrowers

Borrowers with ***no*** new loans disbursed after July 1, 2026, can access the following plans*:

- Standard
- Graduated
- Extended
- Income-Based Repayment (removes PFH)

- May opt into RAP or "New Standard"
- Can remain in Income-Contingent Repayment and Pay As You Earn until July 1, 2028
- Saving on a Valuable Education plan settlement announced to officially end plan; court approval pending.
  - Borrowers encouraged to explore other repayment options.

*Existing borrowers will be considered new borrowers for repayment if they take out additional loans after July 1, 2026

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OBBBA Changes: Other Student Aid Provisions

Federal Loan Deferment & Forbearance

Effective July 1, 2027:

- Eliminates economic hardship & unemployment deferments
- Places limits on forbearance periods
  - ➢ Caps forbearance at nine months for any two-year period

Loan Proration

- Requires institutions to prorate annual loan limits based on enrollment intensity
- Effective beginning with loans disbursed for 2026-2027 award year

School-Defined Loan Limits

- Allows schools to set reduced program-level loan caps
  - ➢ Effective July 1, 2026
  - ➢ Caps apply program-wide
  - ➢ Professional judgment may not be used to increase individual loan limits once program cap established

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PSLF Under *OBBBA*

- Legislation makes no changes to Public Service Loan Forgiveness (PSLF) eligibility for medical school students.
- A provision to prevent medical residents from counting time in residency toward PSLF repayment forgiveness was excluded from final bill.
- Borrowers in a residency program are still currently eligible for payments to count towards PSLF.

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PSLF Employer Eligibility Regulations

- Department of Education published final PSLF employer eligibility regulations that excludes employers engaged in activities with a “substantial illegal purpose” where prohibited by Federal or State law, to include:
  - Illegal immigration
  - Supporting terrorism
  - Patterns of illegal discrimination
  - Providing gender affirming care to minors (defined as 19 or younger)

- Effective **July 1, 2026**, payments made after an employer is determined to have engaged in such illegal activities, will no longer count toward PSLF.
  - Borrowers will be notified of employer status changes but cannot appeal eligibility determinations.
  - Employers may regain PSLF eligibility after 10 years or upon completing a corrective action plan approved by the Secretary.

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Possible Impact on Medical Students and Physician Workforce

- End of Grad PLUS and shift to private loans could affect interest and enrollment amid projected physician shortage.
    - Unknown effects on specialty selection and primary care pathways, though prior research has shown financial factors do not play a determining role in specialty choice

- New federal loan caps may create unmet need, filled by private loans or other supplemental aid.

- Private loan credit standards and co-signer requirements (if required) could limit access for rural, first-generation and low-income students.

- Existing Direct Loan borrowers retain Grad PLUS access.
    - Some may increase borrowing to secure funding for remaining years (up to 3 academic years)

Repayment Plan Scenarios & MLOC Updates

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2026 MD Graduates: What are the main repayment options?

- **Forbearance:** 12 months, can reapply, no payments, interest accrues, (Grad PLUS interest capitalizes at end of forbearance) "**Mandatory forbearance**" for medical residency see: https://studentaid.gov/manage-loans/lower-payments/get-temporary-relief/forbearance
- **Repayment Assistance Plan (RAP):** payment linked to income, during residency an interest subsidy and $600/annual principal reduction likely for most MD borrowers, available 7/1/26, 30-yr. plan
- **Income-Based Repayment (IBR):** created by Congress, 20-yr. plan, payment linked to income and capped, unpaid monthly interest will build up for most MD borrowers during residency, may continue to be an option after 7/1/2028 though more information needed

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RAP vs IBR, Residency/Fellowship First Yr.

"Adjusted Gross Income" (AGI) of:	RAP Monthly	IBR Monthly estimated
$60,001 - **$70,000**	$300 - **$350**	$300 - **$380**
$70,001 - $80,000	**$408** - $467	**$380** - $463
$80,001 - $90,000	$533 - $600	$463 - $550

RAP: Values above for HH size = 1, Reduce by $50 for each dependent; minimum of $10 monthly; note that RAP % increases at $XX,001 NOT $XX,000, so $70K = 6%

Most PGY-1 stipends are currently in $62K to $72K range, 2025 median was $67K

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Repayment for 2026 MD Graduate

Debt: $215K median ed. debt among 2025 grads

3-Yr. Residency then Primary Care earning $200K ($11.7K monthly "take-home")

Repayment Plan	Total Years	Residency Monthly $	Post-Residency Monthly $	Total Paid	Plan Forgiveness?
IBR	20	**$370 - $420** for 3 years	**$1,600 - $2,200** for 17 years	**$390K**	$201K (taxable?)
RAP	21	**$350 - $450** for 3 years	**$1,800 - $2,700** for 18 years	**$480K**	n/a
Forbearance then "New Standard"	25	**$0** for 3 years	**$2,100** for 25 years	**$621K**	n/a

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PSLF Repayment for 2026 MD Graduate

Debt: $215K median ed. debt among 2025 grads

3-Yr. Residency then Primary Care earning $200K ($11.7K monthly "take-home")

Repayment Plan	Total Years	Residency Monthly $	Post-Residency Monthly $	Total Paid	PSLF Forgiveness
IBR	10	**$370 - $420** for 3 years	**$1,600 - $1,700** for 7 years	**$153K**	$270K
RAP	10	**$350 - $450** for 3 years	**$1,800 - $2,000** for 7 years	**$176K**	$204K

If PSLF **with no hesitation**, then consider IBR for repayment as it could lead to less paid over the 10 years than RAP for most MD scenarios

Note: IBR may be an option after 7/1/2028 but more information needed

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“New” Standard Plan

Number of years based on amount borrowed with **4 options**

Repayment Years	“Total Outstanding Principal at the time the borrower enters repayment” of ….
10	Less than $25K
15	$25 - $49K
20	$50K - $99K
25	**$100K or more**

Fixed monthly payment based on repayment years

Note: Among indebted graduates in Class of 2025, 85% borrowed $100K or more

MedLoans Organizer & Calculator (MLOC)

- Updated with RAP plan – new option for # of Dependents
- Updated with “New” Standard = repayment years linked to principal balance, most will be 25 years
- Borrowers can upload their own loan data from FSA site download text file
- Calculates interest and repayment monthly
- Follows federal capitalization policy (Unsub. = never, Grad PLUS = end of grace period)
- Can have both federal and private loans in Organizer

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MLOC Screenshot

MedLoans® Calculator

Marital Status	Single
Total Residency/Fellowship Yrs	2 years
Expected first year residency stipend	$ 69000
Expected starting salary post-residency/fellowship	$ 200,000
Medical school graduation date?	05/2026
Household Size	1 person
Number of Dependents	0

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MLOC Screenshot

AAMC Main MedLoans® Organizer MedLoans® Calculator Admin Switch Role Jay Youngclaus

MedLoans® Organizer Repayment Scenarios

Edit Values Print Report

Marital Status: **Single**; Total Loans: **$215,000**; Repayment Scenario: **Start Repayment**; Res. Yrs.: **3**; Res. Stipend: **$69,000 ($5,750/m.)**; Post-Res. Salary: **$200,000 ($16,667/m.)**; Grad Date: **5/2026**; HH Size: **1**; Dependents: **0**; Loc: **Contiguous U.S.**; $0 Monthly Payment: **No**; Extra Monthly Payment: **$0**; Monthly Interest at Repayment: **$1,410**

NOTE: These are estimates only, based on federal regulations, and are subject to change. Contact your loan servicer(s) to discuss your exact balance and payment amounts.

TOTAL Repayment Summary

Repayment Plan	Total Years (includes residency/ fellowship)	Monthly Payment	Monthly Payment Cap	Total Repayment	PSLF Paid/Forgiven	IDR Plan Forgiveness
RAP (Repayment Assistance Plan)	21	Res.: $345 - $448 Post-Res.: $1,667 - $2,837	N/A	$489,667	Paid: $178,090 Forgiven: $207,520	N/A
IBR (for new borrowers on or after 7/1/14) or PAYE	20	Res.: $371 - $420 Post-Res.: $1,438 - $2,309	$2,899	$396,015	Paid: $154,059 Forgiven: $265,502	$188,888
Standard	10	Res.: $2,899 Post-Res.: $2,899	N/A	$346,117	Paid: N/A Forgiven: N/A	N/A
New-Standard	25	Res.: $1,760 Post-Res.: $1,760	N/A	$524,509	Paid: N/A Forgiven: N/A	N/A

Repayment Assistance Plan (RAP) View Details

Total Repayment over 21 years: $489,667

Income-Based Repayment (IBR) (for new borrowers on or after 7/1/14) or Pay As You Earn (PAYE) View Details

Borrower Scenarios: What Does this Mean for Me?

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Funding Options for Entering Medical Students

Cost of Attendance (tuition, fees, housing, room and board, miscellaneous)
$100,000

Financial Aid Offer
$20,000 scholarship
+ $50,000 unsubsidized loan
= $70,000 total funding options

$100,000 cost of attendance
- $70,000 financial aid available
= $30,000 needed to cover medical school costs

Where to find the needed $30,000		
Family assistance	Credit cards, savings account	Private loans

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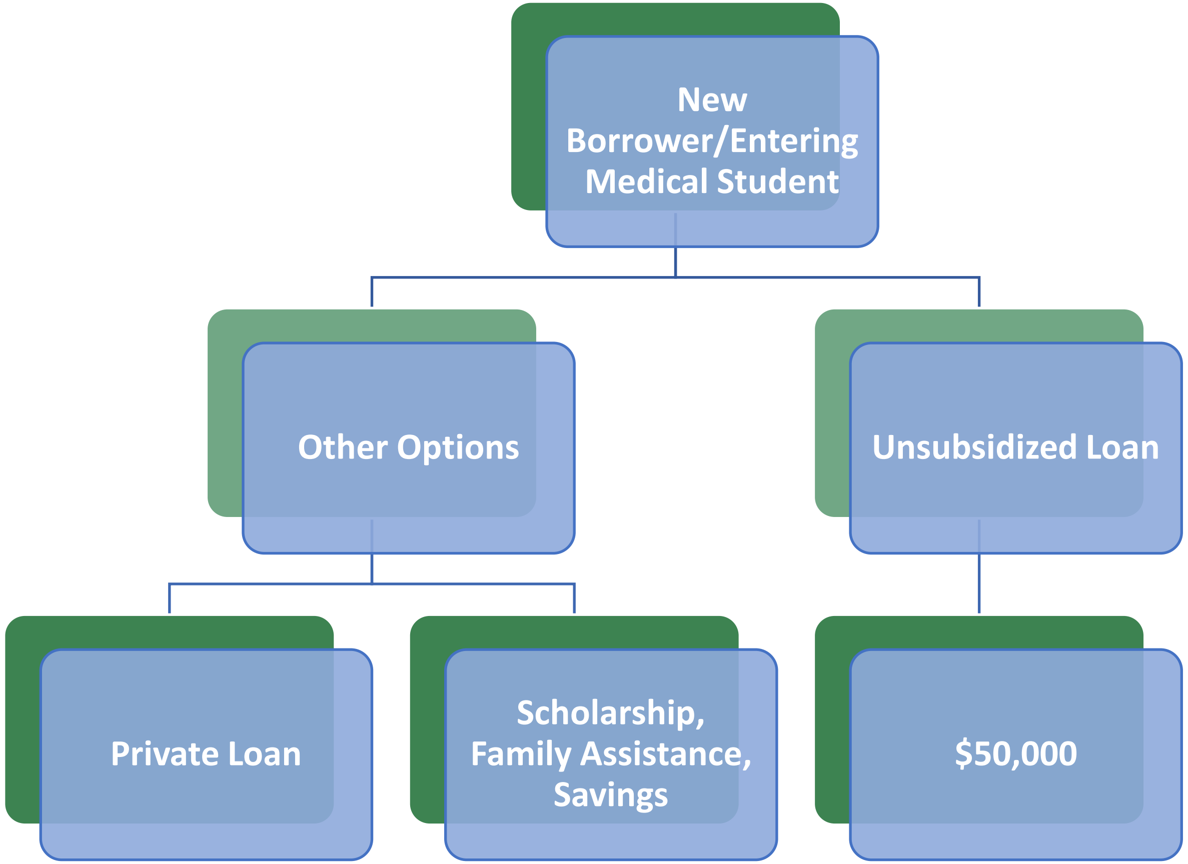
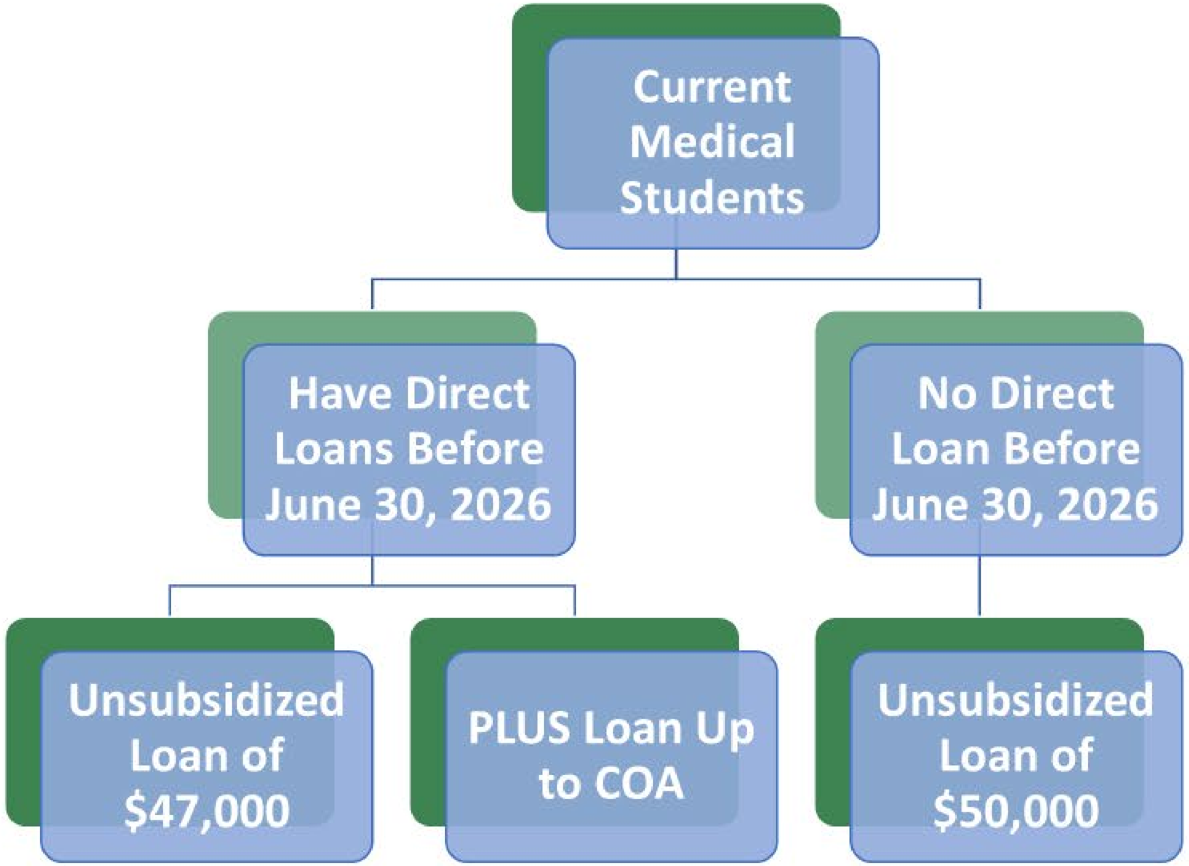
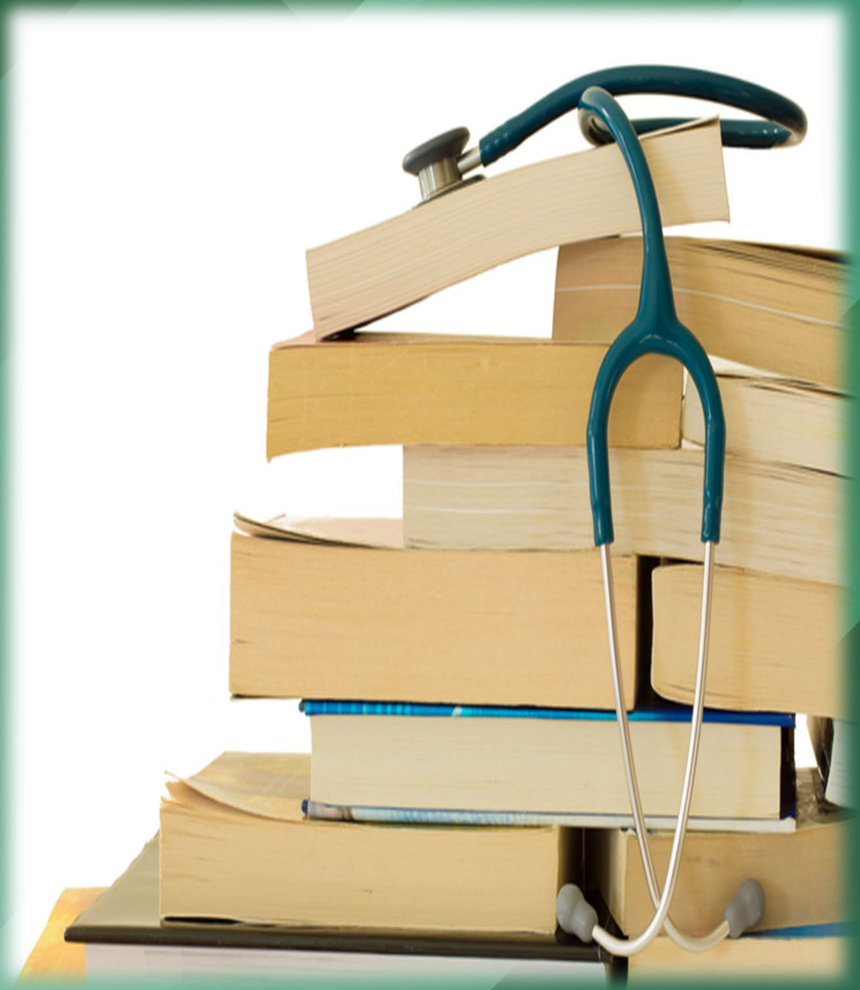
Scenario: New Borrowers



Scenario: Current Medical Students





Resources to Stay Informed

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Next Steps

- Review studentaid.gov frequently.
- Keep yourself informed of changes by utilizing the AAMC's FIRST program website, announcements and communications.
- Review suite of resources offered through the **NASFAA** One Big Beautiful Bill Act Web Center.
- Remain informed and engaged – we are committed to supporting the community through these transitions.
- Contact your financial aid office with any questions.

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AAMC Resources & Support

AAMC Financial Information, Resources, Services & Tools (FIRST) Program

Guidance about paying for medical school, managing money, and successfully repaying student loans.

aamc.org/first

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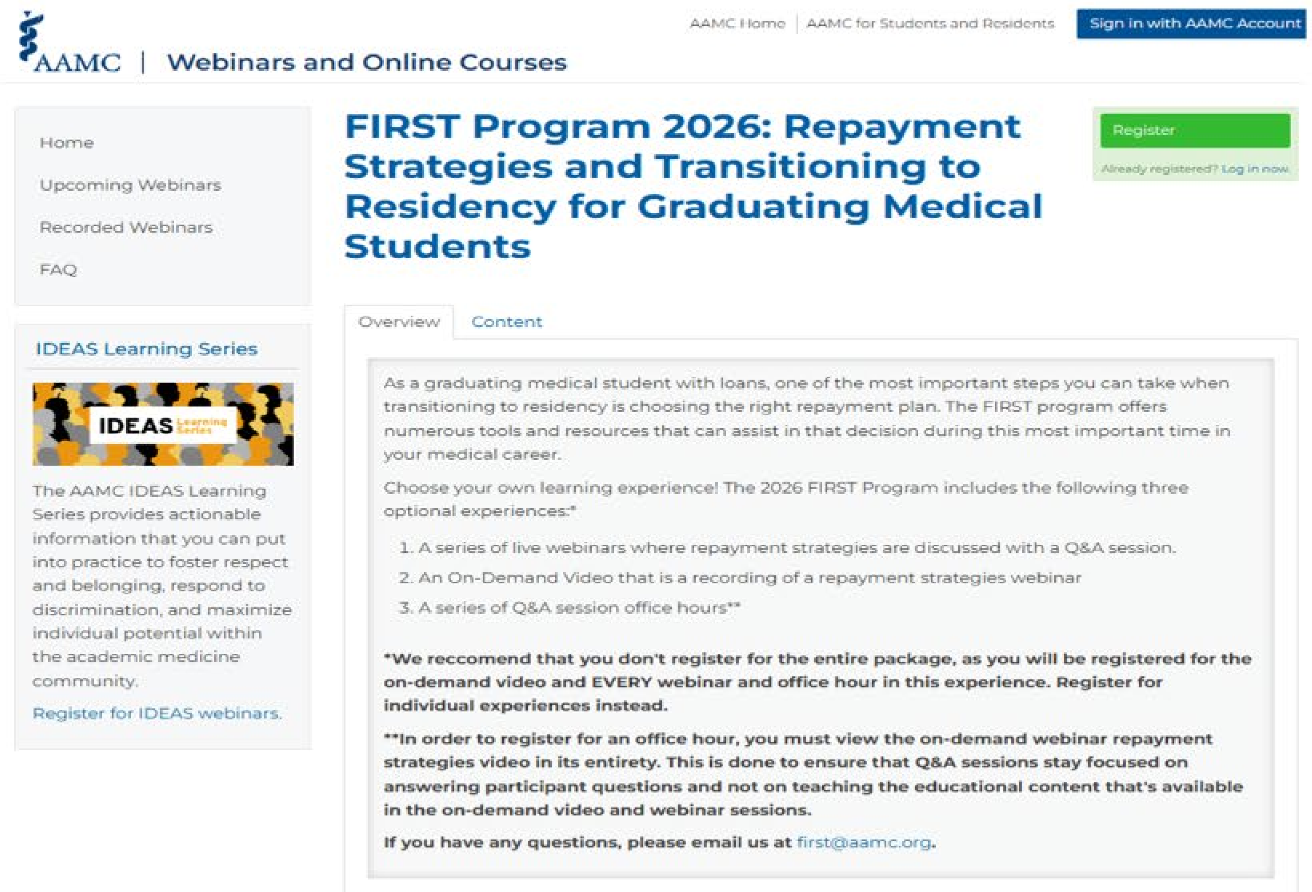
Repayment Strategies Platform



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IDEAS Learning Series

IDEAS Learning Series

The AAMC IDEAS Learning Series provides actionable information that you can put into practice to foster respect and belonging, respond to discrimination, and maximize individual potential within the academic medicine community.

Register for IDEAS webinars.

FIRST Program 2026: Repayment Strategies and Transitioning to Residency for Graduating Medical Students

Register

Already registered? Log in now.

Overview | Content

As a graduating medical student with loans, one of the most important steps you can take when transitioning to residency is choosing the right repayment plan. The FIRST program offers numerous tools and resources that can assist in that decision during this most important time in your medical career.

Choose your own learning experience! The 2026 FIRST Program includes the following three optional experiences:*

1. A series of live webinars where repayment strategies are discussed with a Q&A session.
2. An On-Demand Video that is a recording of a repayment strategies webinar
3. A series of Q&A session office hours**

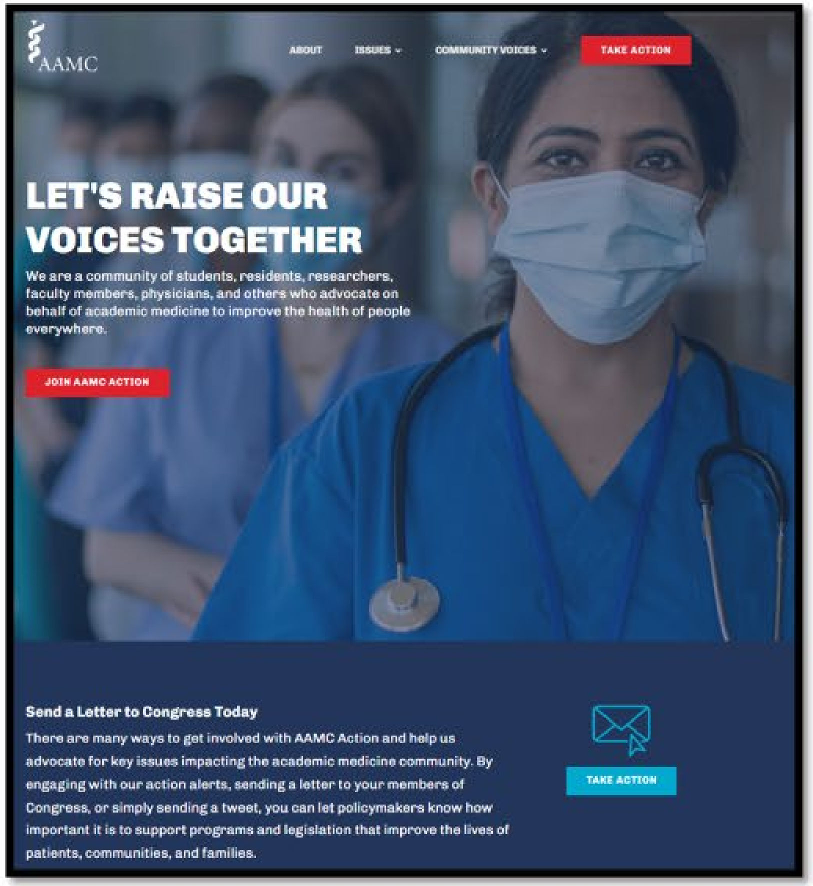
***We reccomend that you don't register for the entire package, as you will be registered for the on-demand video and EVERY webinar and office hour in this experience. Register for individual experiences instead.**

****In order to register for an office hour, you must view the on-demand webinar repayment strategies video in its entirety. This is done to ensure that Q&A sessions stay focused on answering participant questions and not on teaching the educational content that's available in the on-demand video and webinar sessions.**

If you have any questions, please email us at first@aamc.org.

- ➢ On-Demand Repayment Strategies Video
- ➢ Office Hours with AAMC Staff
- ➢ Live Webinars on Repayment Strategies
- ➢ Numerous Resources to Download

Join the AAMC Action Grassroots Advocacy Community



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The AAMC's FIRST program provides financial information, resources, services and tools for students and residents.

Contact us:
first@aamc.org

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