



Alabama State University
Office of Financial Aid
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Greetings Hornets,

These FAQs explain how recent changes to federal student loan policies affect current and new borrowers. The new law introduces several important changes to how students and families finance higher education, effective July 1, 2026.

CURRENT LOAN BORROWERS (Before July 1, 2026)

Undergraduate Students

Q: Will my annual borrowing limits change?

A: No. The annual Federal Direct Subsidized and Unsubsidized Loan limits remain the same.

Q: Can my parents still apply for a Parent PLUS Loan?

A: Yes. Parent PLUS borrowers can apply through your current program of study until you complete your degree or for up to three academic years—whichever is shorter. They are not subject to the new annual or lifetime borrowing limits.

Graduate Students

Q: Are there changes to my Unsubsidized Loan limits?

A: No. The annual borrowing limit remains at \$20,500.

Q: Can I still use the Graduate PLUS Loan?

A: Yes. Graduate PLUS Loans remain available through your current program of study until degree completion or for up to three academic years.

All Students (Undergraduate & Graduate)

Q: Has the lifetime borrowing limit changed?

A: No. The combined lifetime limit for Subsidized and Unsubsidized Loans remains \$138,500.

NEW LOAN BORROWERS (On or After July 1, 2026)

Q: Can I still receive a Pell Grant if I have a full scholarship?

A: No. Students who receive **non-federal grants or scholarships** that cover their **entire cost of attendance (COA)** are **ineligible** to receive a **Pell Grant**, even if they would otherwise qualify for the program.

Undergraduate Students

Q: Will my annual loan limits change?

A: No. Annual borrowing limits for Subsidized and Unsubsidized Loans remain unchanged.

Q: Are there new limits for Parent PLUS Loans?

A: Yes. Parents can borrow up to **\$20,000 per academic year per student**, with a **lifetime maximum of \$65,000 per student**.

Graduate Students

Q: What's changing with Unsubsidized Loans?

A: While the annual limit stays at **\$20,500**, a **lifetime maximum of \$100,000** will now apply.

Special Note: Law and medical students can borrow up to \$50,000 per year, with a lifetime maximum of \$200,000.

Q: Will the Graduate PLUS Loan still be available?

A: No. The Graduate PLUS Loan program will be **discontinued** for new borrowers.

All Students (Undergraduate & Graduate)

Q: What is the new lifetime borrowing limit?

A: The total lifetime borrowing limit for all federal student loans will be **\$257,500, excluding Parent PLUS Loans**.

REPAYMENT PLAN OPTIONS

Q: What repayment plans are currently available?

A: Federal student loan borrowers currently have several repayment options:

- **Standard Repayment Plan:** Fixed monthly payments over the life of the loan.
- **Income-Driven Repayment (IDR) Plans:** Payments are based on income and family size. These include:
 - **Pay As You Earn (PAYE)**
 - **Saving on a Valuable Education (SAVE)**
 - **Income-Contingent Repayment (ICR)**

Note: Borrowers on IDR plans must **recertify their income annually**, which can increase or decrease monthly payments.

Q: How will repayment plans change for future borrowers?

A: Under the new policy:

- The number of available repayment plans will be **reduced**.
- The **PAYE, SAVE, and ICR** plans will be **eliminated**.
- Borrowers will still have access to:
 - A **standard repayment plan**
 - **One income-driven repayment option**

The Alabama State University Office of Financial Aid is here to support you through this transition. We will continue to monitor updates from the Department of Education and share timely information with the ASU Community. For questions or assistance, please contact the Office of Financial Aid.