PROSPERITY FORUM · DAY 3 · SESSION 7

Navigating Student Loan Repayment & PSLF Updates

What changed, what it means for you, and how to stay on track

Lori Hylton · TPV for Agricultural Impact

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Educational information only. Not personal financial, tax, or legal advice.

WHY THIS MATTERS NOW

The biggest shake-up to federal student loans in decades, and many deadlines land this fall

~7M

SAVE borrowers must choose a new repayment plan

5.5–9M

borrowers estimated to be in default (AEI and Protect Borrowers)

2

income-driven plans left by July 2028: IBR and RAP

THE ALPHABET SOUP

What the plan names mean, and which ones are left

Plan	Stands for	What it was or is	Status
REPAYE	Revised Pay As You Earn	2015 plan; 10% of discretionary income	Gone: replaced by SAVE in 2023
SAVE	Saving on a Valuable Education	2023 plan with the lowest payments	Gone: ended by court order, March 2026
PAYE	Pay As You Earn	2012 plan; 10% of discretionary income, forgiveness after 20 years	Ending July 1, 2028
ICR	Income-Contingent Repayment	Oldest plan, from the 1990s; 20% of discretionary income, forgiveness after 25 years	Ending July 1, 2028
IBR	Income-Based Repayment	10–15% of discretionary income, forgiveness after 20–25 years	Stays, for loans made before July 1, 2026
RAP	Repayment Assistance Plan	New in 2026; 1–10% of total income, forgiveness after 30 years	New: the income-driven plan going forward

All six are **income-driven repayment (IDR)** plans: payments are set by your income, not your balance. **Discretionary income** is the part of your income above 150% of the federal poverty guideline.

WHAT CHANGED

One law, four big shifts

A new income-driven plan: RAP

The One Big Beautiful Bill Act, signed July 4, 2025, created the Repayment Assistance Plan. It opened July 1, 2026.

A new fixed plan: Tiered Standard

Fixed payments over 10, 15, 20, or 25 years, depending on how much you borrowed.

SAVE is over

A court order ended SAVE in March 2026. Borrowers get a 90-day notice to pick a new plan.

Fewer choices ahead

PAYE and ICR end July 1, 2028. Only IBR and RAP will remain as income-driven plans.

TIMELINE

Key dates to know

July 4, 2025

New law signed

March 2026

Court order ends SAVE

July 1, 2026

RAP and Tiered Standard open. New loans get only these two plans.

July–Dec 2026

SAVE borrowers get 90-day notices, in waves

July 1, 2028

PAYE and ICR end. IBR and RAP remain.

Where we are today

Some SAVE deadlines are still ahead. Watch your mail, email, and servicer account. If you don't choose, you'll be placed in a plan.

THE NEW PLANS

How the Repayment Assistance Plan works

1–10%

of your adjusted gross income per year, divided into 12 monthly payments

- The percentage rises as your income rises
- $50 less per month for each dependent you claim
- **$10 minimum.** No $0 payments, and no payment cap
- Unpaid interest is waived when you pay in full and on time
- At least $50 a month goes to principal; the government covers any gap
- **Forgiveness after 30 years.** Counts toward PSLF

SIDE BY SIDE

RAP, IBR, and Tiered Standard compared

	RAP	IBR	Tiered Standard
Payment based on	1–10% of total income (AGI)	10–15% of discretionary income	Amount borrowed; fixed
Lowest payment	$10	$0 possible	Set by balance
Payment cap	None	10-year Standard amount	Fixed
Unpaid interest	Waived if paid on time	Can grow the balance	Paid off on schedule
Forgiveness	After 30 years	After 20–25 years	None
Counts for PSLF	Yes	Yes	No

Rules as of October 2026. Run your own numbers in the Loan Simulator at StudentAid.gov.

WHO GETS WHAT

Your options depend on when you borrowed

Loans from before July 1, 2026

RAP, IBR, Standard, and other plans. PAYE and ICR stay open only until 2028.

New loans on or after July 1, 2026

Only two choices: RAP or Tiered Standard.

Parent PLUS loans

Not eligible for RAP. Options are narrower, so map them with your servicer first.

Watch out

A new federal loan or consolidation after July 1, 2026 puts **all** your loans on one plan under the new rules, and you lose the older options. Think it through before grad school or consolidating.

TAXES

Is forgiveness taxable?

PSLF: still tax-free

Tax-free federally by law, and in every state except Mississippi.

IDR and RAP: taxable again

Since January 1, 2026. Up to 3.2 million borrowers could owe.

Death and disability

Discharges stay tax-free, federally and in every state.

Watch out

$50,000 forgiven through an income-driven plan could mean about $10,850 in federal tax. Some states, like Indiana and North Carolina, tax it too.

KEY DECISIONS

Five decisions borrowers face now

1	**Choose before the system does**	Miss your SAVE deadline and you're placed in Standard or Tiered Standard, which may cost more and may not count for PSLF.
2	**RAP or IBR?**	Lower incomes often pay less on IBR. RAP keeps the balance from growing. Compare both in the Loan Simulator.
3	**Am I pursuing PSLF?**	If yes, stay on a plan that counts: RAP, IBR, PAYE, or ICR.
4	**Borrow or consolidate again?**	Doing either after July 1, 2026 moves all your loans to the new rules.
5	**Have Parent PLUS loans?**	They can't go on RAP. Call your servicer to map your options before your deadline.

CHAT CHECK-IN

Where are you with your repayment plan?

1. I've already picked a new plan
2. I got a notice but haven't acted
3. No notice yet, or I wasn't on SAVE
4. I'm not sure what plan I'm on

Type your number in the chat.

FOR FARMERS

A defaulted student loan can block your next farm loan

The rule

If you're delinquent on federal non-tax debt, including federal student loans, federal law bars most USDA loans, loan guarantees, and loan insurance unless USDA grants a waiver. Emergency loans are the exception.

What it can cost you

FSA operating and farm ownership loans, and FSA-guaranteed loans through your bank. Federal payments due to you can also be taken to pay the debt.

Source: 31 U.S.C. § 3720B; FSA debt collection rules

FOR FARMERS

Collections are paused. Use the window.

Where things stand

Since January 16, 2026, wage garnishment and tax refund offsets on defaulted loans have been on hold. No restart date has been announced. **Your loan is still in default.**

1 **Check your status**
Log in to StudentAid.gov to see if any loan is late or in default.

2 **Rehabilitate**
Make 9 on-time monthly payments within 10 months, at an amount based on your income. The default record comes off your credit report.

3 **Or consolidate**
Faster, but a consolidation now limits all your loans to RAP or Tiered Standard.

PUBLIC SERVICE LOAN FORGIVENESS

PSLF today: steadier than the headlines

Your employer still qualifies

A court struck down the new employer rule on June 30, 2026. The government is appealing, but nonprofits and government employers still qualify.

The new plan counts

RAP, IBR, PAYE, and ICR count toward PSLF. Tiered Standard doesn't, and SAVE forbearance months didn't.

Buyback costs more

Buyback now uses IBR or RAP payment amounts instead of SAVE, and about 82,000 requests are still pending.

The basics haven't changed

120 qualifying monthly payments · Direct Loans · full-time at a qualifying employer · a qualifying repayment plan

Status as of October 20, 2026. Appeals are pending.

PSLF PAYMENT COUNTS

Check your count

Counts dropped in August

The Department rescinded some credit, calling it an error fix. One borrower fell from nearly 120 to 94.

Trackers are behind

Months from July on haven't posted for many, delaying forgiveness for some who reached 120.

No discharges reversed

No PSLF forgiveness has been undone, and the Department hasn't signaled it will.

Do this now

Screenshot your count and payment history · Request reconsideration if it drops · Keep your forgiveness letter for good

Status as of October 20, 2026.

Four strengths that carry you to 120

Persistence

Follow up, escalate, and dispute errors.

Consistency

Every month, on time, on a qualifying plan.

Documentation

If it isn't in writing, it didn't happen.

Patience

The system is slow. Plan for it.

THE PILLARS IN PRACTICE

What each one looks like day to day

Persistence

Check your count after every certification

Call back, or ask for a supervisor, when an answer seems wrong

Request reconsideration if your count is off

Documentation

Certify employment every year with the PSLF Help Tool

Save every form, letter, and payment record

Log every call: date, name, and what was said

Consistency

Stay on RAP, IBR, PAYE, or ICR

Pay the full amount on time each month; autopay helps

Avoid forbearance; those months don't count

Patience

Expect processing to take months

Keep paying while forms are pending

Use buyback only if it gets you to 120, and plan for the wait

YOUR NEXT STEPS

Three things to do this week

1

Log in to StudentAid.gov

Confirm your loan types, servicer, repayment plan, and status.

2

Act on any notice or problem

Got a SAVE notice? Pick a plan before your deadline. In default? Start rehabilitation now.

3

Run the numbers

Compare RAP and IBR in the Loan Simulator. Pursuing PSLF? Certify your employment with the PSLF Help Tool.

RESOURCES

Where to go for help

Resource	Use it for
StudentAid.gov	Your loans, your plan, and the Loan Simulator
StudentAid.gov/pslf	PSLF Help Tool and employment certification
Your loan servicer	Plan changes and SAVE transition notices
Default Resolution Group · 1-800-621-3115	Getting out of default
TISLA · freestudentloanadvice.org	Free, independent help with plans, PSLF, and default
Your local FSA office	Questions about farm loan eligibility
TPV for Agricultural Impact	One-on-one financial coaching: tpvforagriculture.org

Questions?

Type them in the chat. We'll answer as many as we can.

Questions after today? lori@tpvforagriculture.org · www.tpvforagriculture.org

UP NEXT · 12:10 PM ET

Housing Decisions in Work Transitions: Pivot, Plan, and Protect Your Future