**How OBBBA Reshapes the Student Loan Landscape**

**Key Regulatory Shifts**

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| * Eliminates the Grad PLUS program, shifting nearly $14 billion in annual graduate student loan demand from federal to private lenders starting in July 2026. Student sentiment echoes this transition (see Primary Research). * Creates a massive opportunity for SoFi and SLM Corp. | A graph of a student loan  AI-generated content may be incorrect. |

**Negative Impact on Borrowers**

* Students will now face higher costs and stricter credit requirements from private lenders.
* Borrowers with low credit or no co-signer may struggle with gaining access to these loans.

**Major Opportunity for Private Lenders**

**SoFi**

* Potential to add $1.4 billion in student loans lent out per 10% of the new privatized market they capture.
* Translates into up to $70 million in origination fees and $200 million in interest income annually per 10% added.
* A 10% capture would result in 7% increase in annual revenue compared to TTM, with a 72% increase if 100% were to be taken on.

**SLM Corp.**

* Currently owns ~ 60% of the private student loan market.
* Anticipating 27-53% upside in loan originations.
* Equates to $2.3-$4.5 billion in annual incremental loan origination volume - estimated to boost EPS by 22-38%.

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**Risks and Limitations**

* Not all borrowers who used federal funds in the past will qualify for private loans, limiting total market expansion.
* OBBBA’s modest federal loan limit increase in certain professional programs may temper the demand surge for private lending.
* Primary research suggests that some borrowers may now forgo graduate school and explore cheaper alternatives, potentially reducing the anticipated total market growth.

**Overall Takeaways**

* The elimination of low-cost federal loans will enhance the profitability and market presence of private lenders.
* SoFi and SLM are positioned for massive growth in originations, earnings, and market advantage.
* Both firms are in a prime position to capture significant value from this $16 billion market expansion.

**Primary Research (Reddit):**

Question Asked - With the new bill eliminating Grad PLUS starting in 2026, private lenders like SoFi and Sallie Mae Corp are expected to pick up the slack. I’m curious what everyone thinks about this, especially those in or heading to grad school. Will this change your plans? Has anyone already looked into private loans? Curious what effect this will have on everyone.

Meaningful Responses:

* “... I got into a top program, but I’m thinking about deferring. I don’t want to lock myself into expensive private loans with the current job market.”
* “Grad PLUS was how my daughter planned to pay for dental school. Her undergrad is covered with an athletic scholarship, but now she’s being forced to look at private lenders to cover the rest. It’s frustrating; she’s wanted to be a dentist since eighth grade, and this adds a whole new layer of stress to the equation.”
* “Without federal loans, grad school just isn’t financially possible for me. Private lenders want co-signers or high credit, I’ve got neither.”
* “I can tell you with 100% certainty that the lack of grad + loans is not going to cause a tuition decrease. There are plenty of people who compete for those spots who have money and don’t need grad + loans. So as long as there’s a constant supply of students, the schools will be just fine. They won’t have to cut back on anything.”
* “It's going to have no impact on current students, and is going to push future students needing to borrow more than $50K per year into the private loan market. Exactly as intended.”

**Appendix:**

**Key Industry Level Charts**

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| **Impact on SoFi:**  A table with numbers and text  AI-generated content may be incorrect.  A screenshot of a document  AI-generated content may be incorrect. | A graph of a graph showing the amount of revenue  AI-generated content may be incorrect. |
| **Impact on SLM Corp:**  A graph of a graph showing the amount of student loan origin  AI-generated content may be incorrect. | A screenshot of a document  AI-generated content may be incorrect. |
| A graph of a private loan  AI-generated content may be incorrect. | A graph of a graph showing the amount of student loan origin  AI-generated content may be incorrect. |
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