

Affording Adoption at Adoption STAR

This informational packet is provided to prospective adoptive parents as they explore their adoption options. It is meant to assist you in learning that while adoption is not inexpensive, it is possible. Adoption STAR is committed to making adoption affordable and believes fees should not be a barrier to finding a child a forever family. Feel free to discuss your personal financial situation with the agency.

Adoption STAR Sliding Scale

Adoption STAR is a nonprofit agency whose mission is finding homes for children in need both here and from countries around the world. While doing so, we are committed to providing quality services to children, birth parents and adoptive parents, as well as helping, through humanitarian aid, those children left behind. To accomplish our mission, we established a sliding scale fee for our services based on the applicant's gross worth to enable as many families as possible to become adoptive parents and provide homes for children. The actual cost of providing services far exceeds the revenue from fees and Adoption STAR does not receive government funding, we rely on fundraising, donations and adoption fees affordable for our clients.

Adoption STAR's fees are spelled out in the beginning and is comprehensive. It includes, among other services:

- Domestic and international adoption options
- Child placement programs
- Agency assisted private adoption track
- Assignment of a personal family advocate who is also a social worker
- Personalized and immediate attention
- 24/7 availability (no answering machines or voice mail utilized)
- Counseling
- Assignment of a home study social worker
- Home study and post placement services
- Connection to others who have adopted already
- Educational workshops to help prepare for adoptive parenthood
- Assistance with document preparation
- Participation in pre and post adoption support groups as well as online support groups
- Post adoption educational classes
- Experience!

The Adoption STAR Difference

You do not pay a deposit toward your domestic adoption placement fee. A small portion of the fee may be made at time of match with an expectant parent, but the majority of the fee is due at time of baby placement. Also our fees are consistent regardless of the infant's race.

Federal Adoption Tax Credit and Income Exclusion

On their federal income tax return, adoptive parents may be able to claim a tax credit for qualified adoption expenses and/or income exclusion for employer-provided adoption assistance for qualified adoption expenses for both domestic and international adoption. For tax year 2009, the maximum credit for qualified expenses of a legal adoption was \$12,150. A tax credit is typically more valuable than a tax deduction because qualified expenses are subtracted dollar for dollar against your tax liability. For example, if you owed \$5,000 in federal taxes and have \$3,000 in qualified adoption expenses, your tax bill is reduced to \$2,000. If your tax bill is smaller than the credit, the unused portion of the credit may be carried

forward for up to five years. The Adoption Tax Credit, which was scheduled to expire in 2010, has been extended for one year, through 2011. The Adoption Tax Credit will see several positive adjustments:

- The maximum credit will increase from \$12,150 to \$13,170;
- The Adoption Tax Credit was made refundable. If a family has no tax liability, the IRS will refund the amount due.

The extension of the Adoption Tax Credit through 2011 was passed as part of the health care reform bill signed into law by President Obama on Tuesday, March 23, 2010. These tax credit changes have been published in detail by [The Journal of Accountancy](#): "For 2010, the maximum adoption credit is increased to \$13,170 per eligible child (a \$1,000 increase). This increase applies to both non-special needs adoptions and special needs adoptions. Also, the adoption credit is made refundable. The new dollar limit and phase-out of the adoption credit are adjusted for inflation in tax years beginning after Dec. 31, 2010. Also, the scheduled sunset of EGTRRA provisions relating to the adoption credit is delayed for one year (i.e., the sunset becomes effective for tax years beginning after Dec. 31, 2011). For adoption assistance programs, the maximum exclusion is increased to \$13,170 per eligible child (a \$1,000 increase). The new dollar limit and income limitations of the employer-provided adoption assistance exclusion are adjusted for inflation in tax years beginning after Dec. 31, 2010. The EGTRRA sunset of provisions relating to adoption assistance programs is also delayed for one year (i.e., the sunset becomes effective for tax years beginning after Dec. 31, 2011)."

The IRS guidelines are available at: <http://www.irs.gov/taxtopics/tc607.html>

Parents should contact a tax professional to review the IRS guidelines in order to understand the impact of the adoption tax credit and the income exclusion provisions on their own situation.

State Adoption Subsidy Assistance

Infants born in the United States and diagnosed with specific medical conditions are eligible for **State Adoption Subsidy Assistance**. Under New York State laws, an application for subsidy can be submitted at the time of diagnosis. Application is generally made at the time of placement, although assistance can be accessed following finalization, if the family had not been aware of the presence or severity of the disability. Adoption STAR will help apply for this assistance whenever a child may be eligible.

Employee Benefits Programs

Many companies offer some type of adoption benefits to their "regular" employees. These benefits, depending on your company, may include: *direct reimbursement* in the range of \$2,000 to \$10,460 upon placement; *paid leave*—in addition to vacation time, sick leave, or personal days; or *unpaid leave*—personal, medical, or childcare. Your employer may also have an Employee Assistance Program (EAP). This benefit helps employees deal with unusual personal situations or problems.

Federal Family and Medical Leave Act

Unpaid leave under the federal Family and Medical Leave Act can be an option. This act allows individuals to take up to 12 weeks unpaid leave with certain benefits, without jeopardizing employment. This is not exclusive to an adoption benefit since it is available for anyone who works for a company with 50 or more employees. However, it can provide valuable time for a new mother or father.

Grants and Loans

While it's far from ideal to borrow money, prospective adoptive families may find a loan necessary. Possible loan sources include bank loans, private grants or special loan programs.

Adoption Grant Programs

Gift Of Adoption Fund

A national charitable organization that inspires adoption by providing grants to qualified parents – giving children who need families a permanent home and a chance to thrive. <http://www.giftofadoption.org/>

Help Us Adopt

HelpUsAdopt.org is a national non-profit financial assistance grant program that will provide qualified couples and individuals (regardless of race, religion, marital status or sexual preference) with grants of up to \$15,000 towards their adoption expenses. <http://www.helpusadopt.org/>

JSW Adoption Foundation

A private non-profit foundation funded through donations and fundraisers. It was established to help adoptive parents by subsidizing a portion of the adoption costs. Grants are awarded monthly, and usually are in excess of \$2000. Any adoptive family may apply. Requirements are an approved home study and financial need. Preference is given to families without children. <http://www.jswfoundation.com/>

National Adoption Foundation

This organization provides grants, an adoption credit card and adoption insurance. <http://www.nafadopt.org/>

Parenthood For Me

This organization provides financial and emotional support to those seeking parenthood through fertility treatments or adoption. This is a Western New York based organization. <http://parenthoodforme.org/grants.php>

The Boatner Family Foundation

A small foundation that provides grants from \$1,000 up to \$10,000. They require an agency approval, a financial statement, and a formal application. For more information contact: The Boatner Foundation, P O Box 132272, The Woodlands, Texas 77393-2272.

Shaohannah's Hope

Provides grant assistance for Christian families. <http://www.showhope.org/>

Adoption Loan Programs

Consult your banking representative to receive a consultation on any other options they may provide.

A Child Waits

Loans are available for up to \$10,000 for one child. They are interested in assisting families who can financially support a child and repay the loan, but who do not have the current funds to adopt. Website is <http://www.achildwaits.org/> or call 413-499-3992.

Hebrew Free Loan Association/DOMOI Foundation

Provides loans of up to \$10,000 for Jewish families who wish to adopt. Website is <http://www.hflasf.org/> or call 415-546-9902.

Little Feet

Pathways For Little Feet is a 501c3 which helps couples adopt children through financial assistance. <http://www.pathwaysforlittlefeet.org/>

Mortgage and Home Equity Loans

These are often ways to finance an adoption. Interest may be written off on your annual tax return. Also some credit unions offer low interest loan rates.

Other Possible Sources**Military Non-Recurring Subsidy**

The military will reimburse active-duty personnel up to \$2000 in adoption expenses. Reimbursement is made after the adoption is finalized and if the adoption is completed through a licensed agency. Eligible personnel should complete DD form 2673 and see Defense Finances and Accounting Service Instruction 1341 for more information. Additional details can be found by calling 1-303-333-0845. For more information about adoption for military families you may contact the National Military Family Association at <http://www.militaryfamily.org/>

Churches or Community Organizations

Several families have received financial support from their church, synagogue or other religious and community organizations.

Relatives

Grandparents, Aunts and Uncles often provide support when it is needed.

Insurance and Retirement Funds

Borrowing from your retirement account (you may be able to take a loan against the plan) or permanent life insurance. Some life insurance policies that have a cash value offer options to borrow against them.

Explore your individual financial resources: trusts, inheritances, etc.**For more information, contact Adoption STAR.**

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You may also reach Adoption S.T.A.R. at these numbers:

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