



# Affording Adoption at AdoptionSTAR

An Informative Guide for Clients to Assist  
in Gathering Financial Resources



*A Non-Profit Child Placing Agency for Youth of All Ages*

# MAKING ADOPTION AFFORDABLE:

There are financial resources and programs available to help you with your adoption costs with Adoption STAR!

This informative booklet 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.

We encourage you to discuss your personal financial situation with us so we can guide you toward potential resources and options.

## Topics covered in this guide include:

The Adoption STAR Difference

Adoption STAR's Sliding Scale

The Federal Adoption Tax Credit State-Specific Subsidies

Federal Family and Medical Leave Act Employee Benefit Programs

Adoption Loans & Other Borrowing Options Military Non-Recurring Subsidy

Adoption Grant Programs Other Resource Possibilities

# THE ADOPTION STAR DIFFERENCE

Adoption STAR's fee-based services provide clients with resources and support that add value to your adoption costs.

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Every adoption at our agency is enriched by additional supports to ensure the wellbeing of children and the cohesion of families. Adoption STAR's staff offers expertise and support through every turn in the process, including:

Personalized and Immediate Attention 24/7 Access to  
Support

Extensive Adoption Education Workshops Designated  
Family Advocate

Dedicated Home Study Social Worker Individualized  
Counseling

Home Study and Online Profiling Assistance Post  
Placement Services

Peer Support and Special Programs

# ADOPTION STAR'S SLIDING SCALE

Adoption STAR is a nonprofit agency whose mission is finding homes for children in need.

We are committed to providing quality services to children, birth parents, and adoptive parents. 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 your fees.

Adoption STAR does not receive government funding -- we rely on fundraising, private donations, and fees for client services. Adoption STAR's fees are transparent and clearly outlined for all clients at the beginning of the adoption process. Each fee schedule is comprehensive for services that include:

- Domestic Infant Adoption
- Agency-Assisted Private Adoption
- Adopt an Older Kid (A-OK) Program
- International Adoption Home Studies
- Post-Placement Support Services
- Step Parent Adoption Services
- Kinship Adoption Services

# MAKING ADOPTION AFFORDABLE: The Federal Adoption Tax Credit

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Information Provided Contains Direct Excerpts from the  
North American Council on Adoptable Children, <https://www.nacac.org>

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**T**he adoption tax credit is a nonrefundable credit, which means it only offsets your federal income tax liability. Your income tax liability is the amount you are responsible for in federal income taxes for the year. The maximum federal tax credit varies per year and can be found via [irs.gov](https://www.irs.gov). The great thing about this subsidy is that it is not a deduction that reduces your income for purposes of determining your tax liability.

Rather, it is a tax refund based on a dollar-for-dollar reduction of your total tax liability. Simply put, the adoption tax credit puts money back in your pocket to offset your adoption costs. You can also predict a slight cost-of-living increase to the credit each year based on the IRS's calculations.

## Am I Eligible to Claim the Adoption Tax Credit?

You are eligible to claim the credit for adoption-related expenses during the year they were incurred if:

- You adopted from the United States
- You adopted internationally AFTER the adoption is finalized
- You adopted a child under age 18 from foster care
- You adopted a stepchild
- You adopted a relative's child

## Will I Benefit From the Adoption Tax Credit?

How much you will benefit from the credit depends on your income and federal income tax liability—which is the amount you are responsible for in federal income taxes. Those who have lower incomes may not be able to use the credit and those with moderate incomes often can't use the whole amount.

People with no tax liability might not benefit from the adoption credit this year. If you can't use all of the credit in the year you claim it, you can carry the remainder forward for up to five more years to offset any of those years' federal tax liability.

## What about in the Case of a Special Needs Adoption?

Whether an adoption is considered special needs does not affect how much you will be able to benefit from the adoption tax credit, though it will allow you to claim the full amount of the credit even if you did not have any expenses. This doesn't mean, however, that you will receive the full credit. Again, how much you can actually receive still depends on your income.

## What If the Adoption Is Unsuccessful?

You can still claim the credit for expenses for a failed or non-finalized adoption. The IRS allows you to treat these adoption expenses in the same manner as expenses you paid for a domestic adoption that was not finalized by the end of the year. For an international adoption, the adoption tax credit can be claimed only if the adoption is successfully finalized.

## What Type of Proof Must I Submit to Take the Adoption Tax Credit?

In order to take the adoption tax credit, you must complete Form 8839 for Qualified Adoption Expenses and be prepared to provide documentation to the IRS to prove your qualified adoption expenditures. Throughout the adoption process, you should keep all of your receipts, invoices, and financial documents relating to adoption so that you are prepared to submit these documents to the IRS during tax time.

# MAKING ADOPTION AFFORDABLE: State-Specific Subsidies

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*Subsidies are provided to help meet the special needs of caring for handicapped and hard-to-place children and to encourage and facilitate their adoption. Subsidies help children who are no longer able to remain with their birth family gain a warm and supportive family.*

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## New York

In New York, Adoption subsidies are available for handicapped and hard-to-place children who are in the custody and guardianship of the local commissioner of social services, or an authorized voluntary agency in New York State, or a certified or approved foster parent. Not every child in the guardianship and custody of a commissioner or a voluntary agency in New York State is eligible for a subsidy. Eligibility for adoption subsidies is based on federal and state statutes and regulations. Eligibility determination requires verification that the child meets regulatory standards as supported by provision and approval of required documentation. Rates for maintenance payments are generally based on severity of child need. For an adoption subsidy to be approved, the child need must fall within the rate category established by each social service district.

Documentation that requirements for rate eligibility are satisfied must be provided. (Information provided by NYS Office of Children and Family Services; <https://ocfs.ny.gov/adopt/subsidy.asp>)

## Florida

Federal (Title IV-E) and Florida state (often called non-IV-E) adoption assistance programs are designed to help parents meet their adopted children's varied, and often costly, needs. Children can qualify for federal adoption assistance or state assistance, depending on the child's history. Adoption subsidy policies and practices are, for the most part, dependent on the

state in which the child was in foster care before the adoption. Florida categorizes “special needs” as a child who:

1. Was permanently committed to the Florida Department of Children and Families or a licensed child placing agency - AND -
2. Has significant emotional ties to his or her foster parent or has at least one of the following needs or circumstances that may be a barrier to adoption:
  - Eight years of age or older
  - African American or racially-mixed parentage
  - Member of a sibling group being placed for adoption as a unit
  - Developmentally disabled
  - Physically or emotionally disabled - AND -
3. There were reasonable but unsuccessful efforts to place without adoption assistance. (Information provided by the North American Council on Adoptable Children; <https://www.nacac.org>).

## Ohio

The public children services agency (PCSA) must make the special needs determination for adoption assistance eligibility before adoption finalization. The PCSA must determine that:

1. The child cannot or should not be returned home to his or her parent(s).
2. Reasonable, but unsuccessful, efforts have been made to place the child without adoption assistance. There are exceptions when it is contrary to the best interest of the child.

If the child meets both criteria above, then the PCSA shall determine if the child has one or more of the following factors or conditions that make it difficult to place the child without adoption assistance or medical assistance:



## Ohio, Continued

- The child is six years of age or older.
- The child is at least one year old and is a member of a minority racial or ethnic group that makes it difficult to place the child for adoption.
- The child is part of a sibling group being adopted together or is being placed in the same adoptive placement of a sibling previously adopted.
- A qualified professional has diagnosed the child with a developmental disability, developmental delay, mental illness, or medical condition.
- The child has been in the permanent custody of a PCSA or private child-placing agency (PCPA) for more than one year before an adoptive placement.
- The child experienced a previous adoption disruption or multiple placements while in the custody of a PCSA or PCPA.
- The child has been placed in foster care in the home of his or her prospective adoptive parent(s) for at least six consecutive months directly preceding the adoptive placement, and the child would experience severe separation and loss if placed in another setting due to his or her significant emotional ties with these foster parent(s) as documented by a qualified mental health professional.
- The child has a social or medical history or the biological family's social or medical history that may place the child at risk of acquiring a medical condition, a physical, mental or developmental disability, or an emotional disorder.

(Information provided by <https://www.nacac.org>)

# MAKING ADOPTION AFFORDABLE: Federal Family & Medical Leave Act

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*In addition to the federal adoption tax credit and state-specific adoption subsidies, adoptive families may benefit from the federal Family and Medical Leave Act (or FMLA).*

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While the FMLA does not provide direct cash support, it can safeguard against the loss of employment following an adoption as parents take time to care and bond with a child. This act allows individuals to take up to 12 weeks unpaid leave, with certain benefits, without jeopardizing employment. This is particularly valuable in the instance of an out-of-state placement where many adoptive parents are required to stay in the state where their child is born for an average of 7 to 10 business days to comply with the Interstate Compact on the Placement of Children (ICPC). This extra time allows parents to meet these placement requirements without fearing the loss of employment while their family grows. This is not exclusive to an adoption – this benefit is available for anyone who works for a company with 50 or more employees. The FMLA recognizes adoption maternity leave just as they would for a pregnant employee and this ensures that you get to enjoy your first weeks with your child at home.

## Employee Benefits Programs

Many adoption-friendly companies offer some type of adoption benefits to their full-time, permanent employees. These benefits, depending on your company, may include direct reimbursement in the range of \$2,000 to \$10,000 upon placement; paid leave in addition to vacation time, sick leave or personal days; or unpaid personal, medical, or childcare leave. Wonder if your employer is nationally-recognized as an adoption-friendly workplace? Interested in exploring ways your workplace can provide adoption benefits? Visit the Dave Thomas Foundation to learn more: <https://www.davethomasfoundation.org/library/adoption-friendly-workplace-employer-toolkit-2/>

# MAKING ADOPTION AFFORDABLE:

## Adoption Loans & Other Borrowing Options

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*While it's far from ideal to borrow money to offset the immediate cost of adoption, prospective adoptive families may find a loan necessary.*

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While borrowing money to offset the cost of an adoption is not ideal, adoptive families may find it necessary to take out a loan to cover some or all of their adoption-related expenses. By maximizing the federal adoption tax credit and/or adoption reimbursements from an employer (where available), adoptive families may be able to pay back their adoption loans quickly.

The decision to offset the cost of an adoption with loans is not an easy one and requires serious consideration about your family's financial wellbeing. It is important to weigh risk and return with any big financial decision, especially in the case of dipping into retirement savings or running up credit card debt that may change your long-term financial goals or add additional stressors to an already significant life change.

*We encourage you to weigh your options and consider speaking with a financial advisor or other professional to better assess your family's financial situation and future.*

Loan options for adoptive families might include:

**Home Equity Loans:** Borrowing against the equity of your home (using your property as collateral) is one option. A low-interest home equity loan can help you access funds to offset the cost of your adoption using the value of your property as determined by an appraiser from your chosen lending institution.

**Borrowing Against an Insurance Policy:** Whole life insurance, as called permanent life insurance, offers a death benefit that also builds cash value you can borrow against. Whole life insurance

can protect your family in the event of your death, but can also serve as a financial resource as you may be able to borrow against its cash value to cover large expenses.

**Low- and No-Interest Adoption Loan Programs:** Some banks and other private (and often religious) entities offer unsecured low- or no-interest loans or credit lines for adoptive parents. With market offerings changing day-to-day, consider addition “adoption loans” to your Internet searches and exploring available options that might suit your needs. Consumers beware! Make sure any lender you select is reputable and well established.

**Borrowing from Relatives:** Family and finances can be a complicated mix, but relatives who follow you on your adoption journey – and personally understand your wish to parent through adoption – might be a source of financial support. Also consider using an online fundraising platform (such as GoFundMe or YouCaring) to set up a family fundraiser where friends and loved ones can donate toward your adoption goal.

**Credit Cards:** Credit cards are, typically, a more readily accessible source of cash, but typically come with higher interest rates due to the short-term nature of the credit. Most financial planners would warn against tapping into these sources unless absolutely essential. Families might choose to pay for smaller costs (such as home studies or online profiles) using a credit card and pay for larger placement costs with a different “pot” of money.

**Retirement Accounts:** 401(k)s and profit-sharing retirement plans usually offer lower interest rates than credit cards, but if you change or lose your job and cannot repay the loan quickly, it will become a taxable withdrawal. In addition to the income taxes you’ll have to pay on the withdrawal, you will also pay a percentage penalty if you are younger than 59.5 years of age. As is the case with using credit cards to pay for adoption expenses, most financial planners will warn against tapping into retirement accounts unless necessary.

# MAKING ADOPTION AFFORDABLE:

## Military Non-Recurring Subsidy

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*The military will reimburse active-duty personnel up to \$2,000 in adoption expenses per Department of Defense (DoD) directives.*

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Reimbursement is made after the adoption is finalized and if the adoption is completed through a licensed agency, like Adoption STAR. Eligible personnel should complete the Reimbursement Request for Adoption Expenses Form 2675 (please check to ensure the most current form available as the number may change) and refer to DoD Finance and Accounting Service Instruction 1341.09 for more information. Additional details can be found by visiting [www.militaryfamily.org](http://www.militaryfamily.org).

# MAKING ADOPTION AFFORDABLE:

## Adoption Grants

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*Funding a portion or the majority of your adoption expenses is possible through local and national grantmaking. Grant money is FREE money, and free money is the BEST money!*

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**Adoption STAR** offers two mini grants to help assist prospective families in two areas (visit [adoptionstar.com](http://adoptionstar.com) for full details):

- **Shining STAR** is a grant program to help defray the costs of adopting a child identified as having special needs.
- **Support for LGBTQ+ Families** offers financial support for qualified candidates as part of Adoption STAR's commitment to affirming services and access for all types of families.

**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 orientation) with grants of up to \$15,000 towards their adoption expenses.

**National Adoption Foundation** is dedicated to providing financial support for adoptive families in order to assist them in the successful adoption of children. We are committed to improving each child's chance of becoming part of a loving family. The Foundation's programs are available to any family whether they are adopting a child domestically, abroad or from foster care. Visit them online at [www.fundyouradoption.org](http://www.fundyouradoption.org).

**A Child Waits** offers both grants of up to \$7,000 to U.S. citizens adopting internationally, as well as low-interest loans for families with less than \$150,000 in combined household income. Grants can cover agency fees, attorney fees, and travel costs if applicable. Grant applications are accepted year-round. Visit [www.achildwaits.org](http://www.achildwaits.org) for eligibility and giving guidelines.

**Gift of Adoption Fund** applications are accepted from any U.S. family with an approved and current home study from a licensed and accredited adoption agency. Financial need and personal commitment to funding and completing the adoption must be demonstrated by all applicants. Preference is given to families without children. Visit [www.giftofadoption.org](http://www.giftofadoption.org) to learn more.

**Parenthood for Me**, a local Western New York funder, offers grants and emotional support to couples who have struggled with infertility who have chosen the path of adoption to build their families. Visit <http://www.parenthoodforme.org/grants/>.

**The Boatner Family Foundation** provides grants ranging from \$1,000 up to nearly \$13,000 and requires that adoptive families have received approval from their agency. Contact: The Boatner Foundation, P.O. Box 132272, The Woodlands, Texas 77393-2272.

**Show Hope** offers grants to fund adoption, as well as other helpful resources for handling your adoption expenses. Visit <https://showhope.org/> for more information.

**China Care Foundation** is especially interested in helping families who are adopting special needs children. Many mildly disabled children, such as cleft lip and clubfoot, can be made healthy through surgery and lead completely normal lives in American families. Visit [www.chinacare.org](http://www.chinacare.org) for more information.

**Helping Kids Cope** help adoptive parents who are home study ready to defray the cost of adoption services. They are aware that there are many families that can afford all the adoption fees, but if they can help with some of those fees, then the family's finances could go toward that child's future. Visit [www.helpingkidscope.com/request-help.htm](http://www.helpingkidscope.com/request-help.htm) for more information.

**Ours By Grace** offers several different fundraising events to raise money to distribute as grants to families needing financial assistance during the adoption process. All grants will be given through the adoptive parent's attorney or agency to ensure the proper family gets the funds based on information received from the attorney or agency. Contact Kim Green for more information: Ours by Grace, c/o Kim Green, 225 N. Third Street, Brighton, MI 48116. (810) 844-0278.

**Religious Organizations:** Many churches and other religious organizations have embraced adoption as part of their religious mission. Find out if your place of worship offers grant (or even low-interest loan) funds for families pursuing adoption. There are a number of faith-based grantmaking entities, including Pathways for Little Feet, Show Hope, ABBA Fund, and Hebrew Loan Association.

**His Kids, Too!** provides financial assistance to those adopting internationally through a select group of agencies. His Kids, Too! provides an adoption grant of up to \$2,000 for one child and up to \$4,000 for two children. Grants are paid directly to the agency or facilitation service. (For independent adoptions, grants are approved on a case-by-case basis.) Visit [www.hiskidstoo.org/?pageid=62](http://www.hiskidstoo.org/?pageid=62) for more information.

# MAKING ADOPTION AFFORDABLE: FUNdraising Ideas for Families!

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*In addition to loans and grant opportunities to support the financial cost of adoption, there are many great fundraising opportunities for families to crowdsource financial aid for their adoption journey.*

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- Send letters to family, friends, and business acquaintances asking for donations for your adoption expenses. Provide the address of your agency or attorney so gifts can remain anonymous.
- Tell everyone what you're doing!
- Start a money jug.
- Have a big garage sale with donated items. Ask local businesses or your church if you can hold it in their parking lot. Location is everything!
- Host a dinner, have entertainment, and charge admission.
- Sell hotdogs and drinks at Home Depot or Lowe's.
- Work at a sporting event concession (requires a non-profit status).
- Mow lawns.
- Have a carnival for kids. Some ideas for activities can include a cupcake walk, bingo, selling popcorn or soda, face painting booths, basketball throw, pictures made with a clown, etc.
- Craft sale.
- Bake sale. Get friends or family to donate baked goods!

For more information and ideas, visit  
[www.adoptionassistance.org!](http://www.adoptionassistance.org!)



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**NYS Authorized, FL & OH Licensed**

**New York Office** 131 John Muir Drive  
Amherst, NY 14228  
Phone: 716-639-3900

**Florida Office**  
1040 Bayview Drive, Suite 318  
Fort Lauderdale, FL 33304  
Phone: 954-566-6055

**Ohio Office**  
18 W. 9th Street, Suite 100  
Cincinnati, OH 45202  
Phone: 513-631-3900

**Other Ways to Contact Us:**

Albany: 518-391-2515  
Binghamton: 607-330-2158  
Rochester: 585-672-5227  
New York City: 917-470-9340  
Syracuse: 315-703-7511  
Poughkeepsie: 845-457-4883  
Cleveland: 216-201-9177  
Miami: 305-433-8531

**Toll Free: 866-691-3300**

**ADOPTIONSTAR.COM**