

## A Closer Look at the Financial Side of Adoption

Even though the cost of our program is relatively reasonable, the fees associated with the overall cost of adoption can be substantial for many families. If you're hoping to adopt a baby, the costs you can expect include, but are not limited to, the following:

- **Ohala' Adoptions Service Fee** — Fee is determined by the adoption professional you choose to work with.
- **Home Study Fee** — Fee is determined by the state you live in.
- **Legal Fees** — Fees include hiring a social worker or attorney in the birthmother's state. The amount is determined by the state in which the birthmother lives.
- **Court Fees** — Fees include those associated with legally finalizing the adoption in court.
- **Travel Expenses** — Usually some amount of travel is required to pick up your baby after he or she is born. Travel may also be required if you and the birthmother meet before the birth. If you need to travel to Guam, expenses include airfare, ground transportation, lodging, and meals.

With all these expenses, it's easy to feel overwhelmed and think it an impossible task to find the money required. Often families can afford to raise a child, but affording adoption itself can feel daunting.

Fortunately, there are many resources available to assist you. We want to help make your goal of adopting possible, so we've provided information about these resources below. Some are relatively easy to obtain if you qualify, such as the Adoption Tax Credit and employer adoption benefits. Others will take time and effort on your part. The good news is that you can afford the cost of adoption if you are willing to work at it. Set short- and long-term goals and take it one step at a time.

### Adoption Tax Credit

The Adoption Tax Credit for 2020 is \$14,300 per child. (This amount is adjusted annually for inflation.) Parents whose adjusted gross income is under \$214,520 will qualify for the entire \$14,300 credit. Parents whose incomes are between \$214,520 and \$254,520 will qualify for a partial credit. If you earn over \$254,520, you would not qualify for the credit. While most adoptive parents will still find they have to pay substantial sums of money prior to the adoption, once completed, the credit should relieve some of the financial burden.

**What should I do to document that I qualify for this tax credit?**

It is important that adoptive parents get and keep receipts for all legitimate adoption expenses. Legitimate adoption expenses would include, but are not limited to Ohala' Adoptions fees, attorney fees, travel and accommodation expenses, and consultation fees.

### **What is the Difference between a credit and a deduction?**

A credit is an amount that can be deducted directly from the taxes that you owe. It means you can get reimbursed dollar for dollar, unlike a deduction, provided you qualify for the credit.

### **What if the adoption never finalizes?**

Adoptive parents can take the credit for payments made even if the adoption does not finalize. If a finalization is pending, taxpayers may claim qualifying expenses for the credit in the year *following* the year the expense is paid.

### **Is the Adoption Tax Credit the same as the Child Tax Credit?**

No. The Adoption Tax Credit is separate and in addition to the child tax credit, which is currently \$2000 per child annually.

### **Qualifying Expenses**

Qualifying adoption expenses are reasonable and necessary adoption fees, attorney fees, court costs, traveling expenses (including amounts spent for meals and lodging) while away from home, and other expenses related to, and whose principal purpose is for, the legal adoption of an eligible child. These may include services provided by other agencies for home studies, background checks, etc.

### **Nonqualifying Expenses**

Qualifying Expenses do not include the following expenses:

- that violate state or federal law
- for carrying out any surrogate parenting arrangement
- for the adoption of your spouse's child
- paid using funds received from any federal, state, or local program
- allowed as a credit or deduction under any other federal income tax rule; or
- paid or reimbursed by your employer or otherwise (except that amounts paid or reimbursed under an adoption assistance program may be qualifying expenses for the exclusion.)

**Please contact your tax specialist to see if you qualify for the Adoption Tax Credit.**

For more information visit <https://fas.org/sgp/crs/misc/R44745.pdf>

## Military Adoption Benefits

If you are currently serving on continuous active duty in the military, you are eligible for military adoption benefits. Active duty families may receive up to \$2,000 reimbursement for adoption-related expenses of a single child and up to \$5,000 per year if more than one child is adopted. The adoption must be arranged through a source that is authorized by a state to provide adoption placements, if the adoption is supervised by a court under state or local law. Paid after the adoption is finalized, this benefit is not doubled if both parents are in the military. Expenses that can be reimbursed include agency fees, legal fees, placement fees, and medical expenses. Travel expenses are not eligible for reimbursement.

Military parents can exercise an option to have children that are placed with them covered by their military medical program even before the adoption is finalized. You should apply to the Secretary of your branch of the service for the child to be a "Secretary Designee."

Under the military's Program for Persons with Disabilities, military parents may be eligible to receive up to \$1,000 a month for disabled or special needs adopted children. The military also has a program called the Exceptional Family Member Program that will ensure adoptive parents of special needs children are assigned to bases or duty stations that can meet the needs of the child.

Service members are also permitted to take up to 21 days of non-chargeable leave in addition to their regular leave in conjunction with an adoption.

For more information about Military Adoption Benefits or if you have questions, contact the National Military Family Association.

## Employer Adoption Benefits

Many employers provide their employees with adoption benefits. These benefits could include, but are not limited to, any of the following:

- Informational Resources — This benefit could include referrals to adoption organizations and/or access to an adoption specialist.

- Financial Assistance — This benefit could include a lump sum payment, payment for certain adoption-related fees, and/or partial reimbursement.
- Parental Leave — In many states, employers are required by law to offer some length of paid or unpaid parental leave to adoptive parents.

Check with your company's human resources or personnel department to find out if your employer offers adoption benefits.

## Adoption Loans & Grants

Check out these providers to discover if you are eligible for a loan or grant toward your adoption!

### **Adoption Grants - National Adoption Foundation**

[www.fundyouradoption.org](http://www.fundyouradoption.org) Grants from \$500 to \$2,000 and loans from \$5,000 to \$50,000

- Grants are awarded regardless of race, ethnicity, gender, age, sexual orientation, family characteristics, or income
- Must have a completed home study or be undergoing the home study process
- Partnered with Citizens One to provide low-interest adoption loans

[Grant Programs - Nightlight Christian Adoptions  
nightlight.org › grant-programs](http://nightlight.org/grant-programs)

<https://cadefoundation.org/grants/>  
(410) 998-1000

Cade Foundation provides up to \$10,000 per funded family to help with costs of domestic adoption and medical fertility treatment. The only restrictions for applying are

1. 1) You MUST have a diagnosis of infertility from your doctor
2. 2) You MUST be a citizen or a legal permanent US resident

### **ABBA Fund - Adoption Assistance for Christian Families**

[www.abbafund.org](http://www.abbafund.org)

\*Many more may be available through web searches according to your circumstances.