



# Adoptions From The Heart®

## *Help with Adoption Expenses*

*All information provided here is intended as a convenient source of information. This information is general in nature, is not complete, and may not apply to your specific situation. You should consult your own tax advisor regarding your tax needs. Adoptions From The Heart makes no warranties and is not responsible for your use of this information or for any errors or inaccuracies resulting from your use.*

### **FEDERAL ADOPTION EXPENSE TAX CREDIT:**

The Adoption Credit for tax year 2014 has been modified to \$13,190 per eligible child for adoptions occurring in 2013. This new tax law means that adoptive parents may apply up to \$13,190 of their adoption expenses *toward their taxes owed*, thereby decreasing the amount owed overall by this amount. For tax year 2014, the credit remains nonrefundable, with a maximum amount (dollar limitation) of \$13,190 per child and it does start phasing out if your modified adjusted gross income is \$197,880 and is completely phased out at \$237,880.

For the 2015 tax year, the credit allowed for an adoption of a child is \$13,400. Phaseouts do apply beginning at taxpayers with modified adjusted gross income (MAGI) in excess of \$201,010 and completely phased out for taxpayers with MAGI of \$241,010 or more.

For applicants that have different last names or filing separate tax returns, please write checks from the person who will be claiming the adoption tax credit. If both names are on the checks and they are filing jointly on income tax there will be no problem.

Visit: <http://www.irs.gov/taxtopics/tc607.html> and contact your tax preparer to find out how the Adoption Tax Credit could benefit your family.

### **STATE TAX CREDIT:**

Several states have enacted tax credits for adoptive families. Some are restricted to those adopting from the state's public system. Contact your state adoption unit for more information.

### **ADOPTION SUBSIDIES:**

Children with special needs may qualify for an adoption subsidy to help parents pay for ongoing treatments. Adoption subsidy agreements must be negotiated with the placing agency before the child's adoption is finalized. More information is available from the North American Council on Adoptable Children: [www.nacac.org/adoptionssubsidy/adoptionssubsidy.html](http://www.nacac.org/adoptionssubsidy/adoptionssubsidy.html).

### **MILITARY FAMILY SUBSIDIES:**

Public law 102-190 effective December 5, 1991, established a permanent adoption reimbursement program for active duty members of the military services. An active duty member of the military services who incurs expenses for the adoption of a child under age 18 may be reimbursed up to \$2,000 per child for qualifying expenses. Couples where both spouses are members of a military service may not receive reimbursement under the program totaling more than \$5,000 in any calendar year.

“Active duty services members in the Armed Services and the US Coast Guard, and commissioned officers of the Public Health Service and the National Oceanic and Atmospheric Administration are eligible for reimbursement up to \$2,000 for certain qualifying expenses. The Department of Defense (DoD) also has an official instruction (DoD Instruction number 1341.9) which outlines policy concerning reimbursement and guidelines concerning the granting of leave the deferments at the discretion of the commander. The Defense Finance and Accounting Service (DFAS) is the proponent for reimbursement through the use of DD Form 1675. Recent legislation has provided for 21 days of non-chargeable leave for service members who are adopting a child.”

([http://www.nmfa.org/site/PageServer?pagename=reus\\_adoptionintro](http://www.nmfa.org/site/PageServer?pagename=reus_adoptionintro)) For additional information go to <http://www.nmfa.org>

## **EMPLOYEE BENEFITS:**

Both the number of employers providing benefits for employees who adopt (including leave when a child arrives in the home, reimbursement of adoption expenses, and assistance with adoption information and referral services) and the dollar amount of these benefits are growing. The average expense reimbursement now approaches \$4,000, with some employers providing up to \$10,000. For help asking your employer for this benefit, see the National Adoption Center’s adoption and workplace initiative: [www.adopt.org/workplace](http://www.adopt.org/workplace). Also read Elizabeth Mair’s article “How to Lobby Your Employer for Adoption Benefits” online: [www.adoptivefamilies.com/clip.php](http://www.adoptivefamilies.com/clip.php).

## **ADOPTION GRANTS AND LOANS:**

A number of organizations offer adoption grants and/or low-cost loans. Some are limited to certain types of children or adoptions, while others are available to any prospective parents who meet the organization’s criteria.

**Resources4adoption.com** - an excellent online resource for adoptive families seeking comprehensive and up-to-date information on adoption grants and loans and how to qualify for them with lots of additional tips to assist families in removing the financial barriers associated with adoption. Please note that this requires a subscription.

**Gift of Adoption Fund** Since 1996, Gift of Adoption is the largest organization devoted to helping parents by reducing the costs of adoption. Gift of Adoption Fund gifts range from \$1,000 to \$7,500 and on average 8 are awarded *each month* to qualified applicants based on demonstrated financial need, situational hardship and homestudy approval. Grants are available to domestic and international adoptions. To apply for a gift, visit [www.giftofadoption.org](http://www.giftofadoption.org).

**Help Us Adopt.Org** This is a financial assistance grant program that will provide qualified couples and individuals with grants range from \$500 to \$15,000 toward their adoption expenses. Grants will be awarded twice a year, in June and December. For information visit [www.helpusadopt.org](http://www.helpusadopt.org).

**Lifesong for Orphans** helps to remove the financial barriers to adoption through matching grants and interest-free loans.

- Matching grants, ranging from \$1,000 to \$4,000 are an innovative tool that encourages the adopting couple’s church family to financially and prayerfully support the adoption.
- Interest-free loans help overcome the initial “cash flow crunch” of adoption expenses, by

utilizing the federal tax credit of up to \$10,000. The loan can be repaid in manageable monthly or annual payments. For more information, visit [www.lifesongfororphans.org](http://www.lifesongfororphans.org).

**Tinina Q. Cade Foundation (TQCF).** The Family Building Grant is available for infertile couples to assist in the costs, up to \$10,000, of fertility treatments and domestic adoption. For information visit [www.cadefoundation.org](http://www.cadefoundation.org)

**Parenthood for Me** provides emotional support, educational tools, and financial support to those adopting. They aim to ease some of the financial burden bestowed on people who desperately want to be parents. They offer grants for adoption. Couples of singles applying cannot have children already. For more information visit <http://www.parenthoodforme.org>

## **CREATIVE FINANCING:**

*Adoptive Families* readers report financing adoptions through some or all of the following activities: bake sales, car washes, bowl-a-thons, grandparent or family member assistance, using their own or donated frequent flyer miles for travel, tapping into 401ks or home equity. If you come up with an unusual way of funding your family's adoption, please share it with the readers of *Adoptive Families* by writing to: [letters@adoptivefamilies.com](mailto:letters@adoptivefamilies.com). Some other ideas to build up some savings for financing an adoption include: golf tournaments, dinner with silent auctions, create and sell a family calendar, collections at grocery stores, garage sales or online auctions/ Ebay, organize an adoption "walk-a-thon," with family and friends and collect pledges for every mile walked, or take on a part time job while waiting such as selling Avon/ Mary Kay/ Pampered Chef, etc.

You may at first think, how much will yard sales and bake sales really add up to but it is important to know that ever event adds up to offset the cost and there have been many families who have offset the entire cost of their adoption through creative fundraisers.

## **AUTOMATIC SAVINGS ACCOUNTS:**

Banks such as Wells Fargo and Bank of America offer automatic savings accounts where funds from your checking account are automatically transferred into a savings account. With Wells Fargo's program, "Way 2 Save," anytime you use your debit/ check card or pay a bill online, \$1 will be transferred from your checking account into your "Way 2 Save," savings account. The "Way 2 Save" savings account comes with a 5% interest for the first year and a 5% bonus at the end of the first year. With this program, people have saved, on average, about \$1,700 a year. Visit <http://www.wellsfargo.com/savings-cds/way2save/> for more information on, "Way 2 Save." Bank of America's program, "Keep the Change," builds your savings by rounding the cost of your purchases to the nearest dollar amount, then transfers the difference from your checking account to your savings account. The "Keep the Change," program also matches your savings after the first 3 months. Visit <http://www.bankofamerica.com/promos/jump/ktc/> for more information on, "Keep the Change." Both of these programs are an automatic, easy and convenient way to build a savings and put money away for an adoption.

## **OTHER RESOURCES:**

**GoFundMe.com** – create your own fundraiser online to share your story and attract support, share your campaign online through social media or emailing. This is an easy way to accept donations

from friends, family, and just about anyone who enjoys your story.

**Adopt Together**- very similar to GoFundMe which people have often used to raise funds, [www.adopttogether.org](http://www.adopttogether.org) is a non-profit, crowdfunding platform specifically designed to help prospective adoptive families raise money to help offset the cost of their adoption.

**How to Make Adoption an Affordable Option** - a comprehensive booklet from the National Endowment for Financial Education. It is available on the Web at [www.nefe.org/adoption](http://www.nefe.org/adoption), or order it from the Consumer Information Center (Item #508-F): 888878-3256. Also, consult the Burke Family's comprehensive list of adoption funding sources: [www.angelfire.com/journal/adoptionhelp/adopthelp.html](http://www.angelfire.com/journal/adoptionhelp/adopthelp.html).

**Adopt Without Debt: Creative Ways to Cover the Cost of Adoption** by Julie Gumm, a book with over \$80,000 worth of creative fundraising ideas from more than 30 adoptive families. ISBN #: 9780983539827 Published by Black Boot Publishing.  
<http://www.juliegumm.com/adopt-without-debt/>