

Planning for Adoption: Knowing the Costs and Resources

The decision to adopt is the beginning of an exciting journey to build or grow a family. Whether through pregnancy and childbirth or by way of adoption, welcoming a new child into the home may involve considerable expense. Prospective adoptive parents should be knowledgeable about adoption costs and the resources available to help make adoption more affordable. Employer-provided adoption benefits, as well as Federal or State tax credits, subsidies, loans, and grants, may be used to offset some adoption costs.

Adoption-related expenses vary widely, which makes it difficult to predict the exact costs you may face. This factsheet seeks to explain the various adoption expenses and some of the resources that may be available depending on the type of adoption you choose. For information about the different types of adoption, how to choose an agency or adoption services provider, and the process of being matched with a child, read *Adoption Options: Where Do I Start?* at <https://www.childwelfare.gov/pubs/f-adoption/>.

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Types of Adoption

You will gain a better understanding of adoption costs by working closely with your adoption agency and adoption professional. Adopting a child from foster care involves minimal expense, while non-foster care adoptions tend to be considerably more expensive. Each of the adoption options listed below is governed by State statutes, which vary widely. For more information about adoption-specific laws in your State, visit Child Welfare Information Gateway's State Statute Search at <https://www.childwelfare.gov/topics/systemwide/laws-policies/state/?CWIGFunctionsaction=statestatutes:main>.

Adoption of a child from foster care: Your public child welfare agency can work with you to identify children who are waiting for homes. Some States contract with private agencies to perform adoptive services for children in foster care. To learn more about how to adopt a child from foster care, you can check with your public child welfare agency or consult AdoptUSKids at <http://www.adoptuskids.org>.

Private agency adoption: This type of adoption occurs outside the public child welfare system and is arranged by a private agency, which matches an expectant mother or parents with an adoptive family. Some agencies will encourage birth parents to choose a prospective adoptive family based on information profiles created by the prospective families.

Independent adoption: This type of adoption occurs outside the public child welfare system. Attorneys assist prospective and expectant parents with the adoption process. Families adopting independently identify the expectant parents (or pregnant woman), or, in some cases, the attorney may identify expectant parents who are seeking an adoptive family.

Intercountry adoption: This involves the adoption of a child from outside the United States. There is generally less information available about the child to be adopted, and physical and mental health issues may not be fully known ahead of time. The United States is a party to the Hague Convention on Protection of Children and Cooperation in Respect of Intercountry Adoption, an

international treaty that provides safeguards for children and families involved in adoptions with participating countries. For more information, see the Information Gateway factsheet on intercountry adoption at <https://www.childwelfare.gov/pubs/factsheets/hague/> and the U.S. Department of State webpage at <https://travel.state.gov/content/adoptionsabroad/en/hague-convention.html>.

This publication does not address the adoption of stepchildren. For information on adopting a stepchild, consult Information Gateway's *Stepparent Adoption* at <https://www.childwelfare.gov/pubs/f-step/>.

Adoption-Specific Expenses

This factsheet considers the expenses associated with foster care, private agency, independent, and intercountry adoptions—all of which are contingent on many factors and circumstances. The agency or social worker you are working with should provide you with detailed information, in writing, about any fees you will be charged during the adoption process.

Adoption From Foster Care

Adopting a child from foster care involves very little expense because of Federal and State adoption assistance programs that minimize financial obstacles and encourage the placement of children whose special needs or circumstances might make them more difficult to place, such as older youth, sibling groups, or children with specific medical or mental health problems.

Federal Adoption Assistance

Title IV-E of the Social Security Act provides for assistance to families adopting eligible children from foster care in two forms:

- A one-time, nonrecurring reimbursement for adoption transaction costs
- Recurring monthly maintenance payments for the child's care

Nonrecurring expenses. Title IV-E provides funding to States to reimburse families for certain expenses that the law defines as "reasonable and necessary adoption fees," such as the costs of the required home study, court costs, attorney's fees, and other adoption-related expenses.

This Federal subsidy is dispersed to adoptive families of eligible children as a one-time payment. Each State provides varying subsidy amounts for the nonrecurring costs, but the Federal limit on the amount States can provide under title IV-E is \$2,000 for each adoptive placement. Expenses that surpass this cap may be tax deductible in some States.

Recurring monthly payments. Title IV-E also provides financial assistance for eligible adoptions in the form of recurring monthly payments to help cover a child's care until he or she turns 18 or, in some States, until age 21. The maximum amount paid may not exceed the amount the State would pay to maintain the child in foster care.

Read *Adoption Assistance for Children Adopted From Foster Care* at <https://www.childwelfare.gov/pubs/f-subsid/> to learn more about Federal and State assistance programs. To determine which subsidies may apply in a prospective adoption from foster care, visit Information Gateway's State adoption assistance database at <https://www.childwelfare.gov/topics/adoption/adopt-assistance/>.

For a summary of State subsidies, visit the North American Council for Adoptable Children (NACAC) website at <http://www.nacac.org/adoptionssubsidy/summary.html>. The NACAC website also provides detailed information on State adoption subsidies, including eligibility requirements, additional benefits, and contact information at <http://www.nacac.org/adoptionssubsidy/adoptionssubsidy.html>.

State Adoption Assistance

State adoption assistance programs may be available for children with special needs who are not eligible under the Federal title IV-E adoption assistance program. State adoption assistance includes health insurance coverage under the Medicaid program or other medical assistance to cover some or all of the child's medical needs—including special education, therapy, and rehabilitation—and supplemental forms of assistance, depending on the State.

Private Agency Adoption

Private agency adoptions conducted outside the public child welfare system vary widely in costs based on the agency used and the individual adoption circumstances but may range from \$20,000 to \$45,000. Overall costs may include the home study, court and legal fees, preadoption and postadoption counseling for birth parents, birth parent medical and legal expenses, adoptive parent preparation and training, social work services needed to match a child with a prospective family, interim care for a child, and postplacement supervision until the adoption is finalized. Some agencies may adjust their fees based on family income. There may also be reduced fees for families who locate a birth parent on their own but who need the agency for facilitating the adoption, including counseling, home study, and/or related services. Some agencies' fees are inclusive of any and all matches with birth parents, regardless of whether or not the match results in a placement. Other agencies charge for each match, and fees may vary depending on birth parent expenses. It is important to ask for a written description of what the agency's fees do and do not cover.

While the cost of the home study may be included in the one-time overall adoption fee, home study fees can run between \$1,500 and \$4,000. Again, this can vary and may not be inclusive of adoptive parent preparation and training and postplacement supervision. For more information on the home study process and related costs, read *The Adoption Home Study Process* at <https://www.childwelfare.gov/pubs/f-homestu/>.

The cost data cited in this publication were developed as an estimate of potential expenses and are a compilation of figures from several sources, including the following:

- U.S. Department of State, Bureau of Consular Affairs (https://travel.state.gov/content/dam/aa/pdfs/fy2014_annual_report.pdf)
- *Adoptive Families* magazine, "Adoption Cost and Timing in 2014–2015" (<https://www.adoptivefamilies.com/how-to-adopt/adoption-cost-and-timing-2014-2015/>)

An adoption professional can help you understand your potential expenses.

All domestic adoptions, as well as some intercountry adoptions, must be finalized in a U.S. court. Court documentation fees can range from \$500 to \$2,000, while the costs for legally representing adoptive parents may range from \$1,500 to \$4,000. Whether or not these expenses are included in the private agency's fees varies with the State and with the agency's role in the finalization of the adoption. Costs may also be affected by what legal action the attorney needs to take to terminate parental rights.

Independent Adoption

An independent adoption outside the public child welfare system involves an attorney assisting prospective adoptive parents and expectant parents with the adoption process. These adoption costs may range from approximately \$15,000 to \$40,000. This range may include the home study, the birth mother's medical expenses, and separate legal and court fees for representing both adoptive and birth parents. There may be additional costs if complications arise during the birth process or if the search for expectant parents involves advertising. State laws govern reimbursements to birth mothers and may include restrictions regarding advertisements for adoptive parents. If allowed, advertising expenses can run between \$500 and \$5,000. The Information Gateway

publication *Regulation of Private Domestic Adoption Expenses* features information about State laws governing these types of expenses and is available at <https://www.childwelfare.gov/topics/systemwide/laws-policies/statutes/expenses/>.

Intercountry Adoption

Intercountry adoption fees differ widely from country to country. Costs tend to be higher than for domestic adoptions because they may include foreign travel and immigration processing in addition to court costs, mandatory adoption education for prospective adoptive parents, and related documentation. Average costs may run between \$20,000 and \$50,000. Costs also depend on the type of organization managing the adoption: government or private agency, orphanage, nonprofit, attorney, facilitator, or a combination of these.

Some intercountry adoptions are finalized in the child's country of origin, while others are finalized in the United States, particularly in cases where a family's State does not recognize a foreign adoption decree. Even when adoptions are finalized abroad, many parents elect to finalize the adoption in a U.S. court as well for documentation purposes. Finalizing an intercountry adoption in a U.S. court provides additional legal protections but may add to overall adoption expenses. For more information about Federal and State requirements for intercountry adoption, including which States fully recognize foreign adoptions, refer to *State Recognition of Intercountry Adoptions Finalized Abroad* at <https://www.childwelfare.gov/topics/systemwide/laws-policies/statutes/intercountry/>.

Depending on which countries are involved, there may be additional costs, including the following:

- Escort fees for when parents cannot travel to accompany the child to the United States
- Medical care and treatment for children
- Translation fees
- Foreign attorney and foreign agency fees
- Passport and visa processing fees
- Costs of visa medical examinations
- Counseling and support after placement

The U.S. Department of State offers various resources with additional information about intercountry adoption:

- *FY 2015 Annual Report on Intercountry Adoption* (https://travel.state.gov/content/dam/aa/pdfs/2015Annual_Intercountry_Adoption_Report.pdf)
- *Intercountry Adoptions: From A to Z* (https://travel.state.gov/content/dam/aa/pdfs/Intercountry_Adoption_From_A_Z.pdf)
- Adopting Parents [web page] (<https://travel.state.gov/content/adoptionsabroad/en/information-for-you/adopting-parents.html>)

Additionally, Information Gateway offers a factsheet, *Intercountry Adoption: Where Do I Start?*, that describes the unique circumstances of intercountry adoption at <https://www.childwelfare.gov/pubs/f-inter/>.

Resources to Help Pay for Adoption

While there are costs and fees associated with all types of adoption, there are also a variety of resources available to help you pay for them. In addition to Federal and State financial assistance for children adopted from foster care, families may also be able to access employer-provided adoption benefits, tax credits, and loans or grants to offset adoption expenses.

Employer-Provided Benefits

Many employers offer adoption benefits to help make adoption more affordable and to recognize adoptive parents in the same way as biological parents. These benefits come in the form of financial assistance, adoption counseling, and employee leave policies. Recent surveys by Aon Hewitt Associates show that more than 50 percent of employers offer some type of adoption benefit—a significant increase over the 12 percent of employers offering such benefits in 1990 (<http://www.employeebenefitadviser.com/slideshow/top-adoption-friendly-health-care-and-insurance-industry-employers>).

Some companies may limit eligibility for adoption benefits to full-time employees or those who have been with the organization for a certain number of years. The type of adoption may also determine the benefits offered (e.g., some employers specify that the child being adopted cannot be older than 16 or 18 years, some may withhold benefits when a stepparent adopts his or her stepchild or stepchildren).

Financial Assistance

Some employers offer a lump sum payment to help with adoption expenses. According to the Dave Thomas Foundation for Adoption, these benefits range from \$500 to \$25,300, with the average policy offering a maximum reimbursement benefit of \$8,000 and 5 weeks of paid leave (www.AdoptionFriendlyWorkplace.org). Typical reimbursement plans might cover 80 percent of certain itemized expenses up to an established ceiling. Some companies reimburse at a higher rate when employees adopt children facing barriers to permanency, such as children with disabilities.

In most cases, employer-provided adoption benefits are paid after an adoption is finalized, although some may help with expenses earlier in the process.

Parental Leave Policies

Companies with 50 or more employees are required by Federal law to grant parental leave to employees who have adopted a child. Both mothers and fathers are eligible for up to 12 weeks of unpaid leave upon the birth or adoption of a child. The law ensures that employees can return to their current jobs or an equivalent position, and it requires employers to continue health benefits during that period. Information about this law, titled the Family and Medical Leave Act, can be found at www.dol.gov/whd/fmla.

Some employers allow for additional unpaid leave time, and employees may have the option of combining accumulated vacation or sick leave with the allotted unpaid leave to extend their time off. Some employers may even offer paid leave for employees who adopt.

Information Resources

Employer-provided resources may include access to an adoption specialist to answer specific questions or assist with special situations, such as adopting a child with certain physical or developmental needs. Your employer's benefits package may also include referrals to licensed adoption agencies, support groups, and organizations to help create and support your new family.

Employers That Offer Adoption Benefits

To determine whether your company includes adoption help in its benefits package, contact your human resources department.

Wendy's International sponsors the Dave Thomas Foundation for Adoption and its Adoption-Friendly Workplace program, which encourages employers to offer adoption-related benefits and gives credit to those who do. Its website includes a list of the nation's 100 best adoption-friendly workplaces, a free toolkit, and technical assistance for companies looking to start an adoption benefits program. For more information, visit www.AdoptionFriendlyWorkplace.org.

The Holt International website includes an extensive list of employers providing benefits at www.holtinternational.org/adoption/benefits.shtml.

The U.S. Department of Defense reimburses adoption expenses up to \$2,000 per child or up to \$5,000 per year to military families whose adoptions are arranged by an authorized adoption agency. Benefits are paid after the adoption is completed. For more on adoption benefits for military families, see *Military Families Considering Adoption* at <https://www.childwelfare.gov/pubs/f-milita/> and the Department of Defense adoption reimbursement policy at <http://www.dtic.mil/whs/directives/corres/pdf/134109p.pdf>.

Tax Credits

Adoption tax credits may be available to offset your adoption expenses. Consulting a tax professional will help you determine your eligibility for these credits.

Federal Adoption Tax Credits

Federal adoption tax credits may be available to help offset the costs of adopting and are issued on a one-time per child basis. Taxpayers are only eligible for credit if they have Federal income tax liability, and the credit only applies to the tax year in which the adoption was finalized. The amount will depend on family income, whether the child being adopted is considered as having specific challenges—such as medical or developmental concerns—and whether there are other employer-based adoption benefits. Adoptions other than special needs cases may also be eligible for the Federal tax credit, but taxpayers must have qualified and documented adoption expenses.

Information about tax credits and tax exclusions for adoption is available on the Internal Revenue Service website at www.irs.gov/taxtopics/tc607.html.

State Adoption Tax Credits

Several States have enacted tax credits for families adopting children from the public child welfare system, with policies varying from State to State. For information on State adoption assistance, visit https://www.childwelfare.gov/adoption/adopt_assistance and <http://www.nacac.org/adoptionsubsidy/stateprofiles.html>.

Adoption Loans and Grants

Loans and grants are available for adoptive parents to offset their expenses and can apply to all types of legal adoptions. All of these have specific eligibility criteria based on certain distinctions (e.g., marital status, religion, income level).

More information about grants, loans, and tax credits for adoption is available on the Information Gateway website at <https://www.childwelfare.gov/topics/adoption/adoptive/expenses/grants-loans/>.

Additional Resources

Building Your Family (www.buildingyourfamily.com) offers a national directory containing advice on family-building options and practical tools, including information on adoption financing.

Creating a Family offers extensive adoption resources, including information on costs and financing, at <https://creatingafamily.org/adoption/resources>.

Independent Adoption Center provides details on various adoption funding sources at <http://www.adoptionhelp.org/financial-aid>.

National Adoption Center provides resources for prospective adoptive families exploring adoption from foster care at <http://www.adopt.org/>.

National Adoption Foundation offers adoption grants, loan programs, and adoption insurance at www.nafadopt.org.

NACAC lists State adoption subsidy profiles and provides information on negotiating for an adoption subsidy at <http://www.nacac.org/adoptionsubsidy/stateprofiles.html>. NACAC also provides information on adoption tax credits at <http://www.nacac.org/taxcredit/taxcredit.html>.

National Foster Care and Adoption Directory lists public and private adoption agencies and adoption program managers for every State, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands at <https://www.childwelfare.gov/nfcad/>.

Resources4Adoption (www.Resources4Adoption.com) is a nonprofit agency that provides adoption financing education, information, and resources for locating and submitting adoption grants.

Suggested Citation:

Child Welfare Information Gateway. (2016). *Planning for adoption: Knowing the costs and resources*. Washington, DC: U.S. Department of Health and Human Services, Children's Bureau.



U.S. Department of Health and Human Services
Administration for Children and Families
Administration on Children, Youth and Families
Children's Bureau

