



NIGHTLIGHT[®] CHRISTIAN ADOPTIONS

Domestic Adoption · International Adoption · Embryo Adoption · Adoption Homestudies
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RESOURCES FOR FUNDING YOUR ADOPTION

This packet of adoption funding opportunities is divided into the following sections:

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FEDERAL AND STATE GOVERNMENT

Federal Tax Credit: \$13,170

Great news: The adoption tax credit has been extended for one more year, has increased, and you could get a tax refund!!!

The Adoption Tax Credit has been extended another year, and starting this year, it has increased to \$13,170. So if you adopt this year or next, you can receive not only a tax credit of \$13,170 but for the first time, the tax credit is refundable. Except for the increase in the amount of credit you receive and the fact that the tax credit is refundable, the previous rules remain essentially the same.

What this means to, you, the adoptive families:

The adoption tax credit will not sunset on December 31, 2010; **it has been extended to December 31, 2011.**

You may apply **up to \$13,170** of your adoption expenses toward your federal taxes when you file your 2010 or 2011 taxes, depending on the year that your adoption was finalized.

If you do not receive the full \$13,170 as a tax credit, you may be getting money back from the IRS for your adoption expenses. Yes, money back. If your tax liability for the year of your adoption is less than the amount of credit you are applying for, the IRS will refund the portion of the unused credit. This means you could receive some or all of the balance as a refund on your federal taxes. (The Earned Income Credit is an example of another refundable tax credit.)

What if I adopt 2 children? Do I get double the tax credit/refund?

If you adopt two children, you could have a tax credit up to \$26,340 if your total expenses came to \$26,340 or more. It is important to note that if your income is too high, you could be phased out of the tax credit. However if your income is low enough, and you paid \$26,340 or more in adoption related expenses, you could get a tax credit *and* a refund. If you adopt three children, the credit/refund could be as high as \$39,510, as long as your adoption-related expenses are that high.

This means that if you adopted two children and the adoption fees and expenses came to \$30,000, and your federal tax liability was \$7,000, you would receive the \$7,000 as a credit against your liability; in addition, you could receive the remaining \$19,340 back in a refund from the IRS even though you did not pay that in taxes.

What if my employer provides adoption benefits?

If your company has employer-provided adoption assistance, you can receive up to \$13,170 in tax-free income. Also, your employer can reduce your salary to pay the adoption benefit so that you can receive tax-free income. This is even more attractive this year because, for the first time, you do not have to pay a lot in taxes to really see the benefit of the credit because you would get a refund for what you do not get in credit.

So if your adoption expenses, including all agency/attorney fees, come to \$30,000, and your employer gives you \$10,000 as an employee benefit, which is tax-free, and you pay \$3,000 in federal income tax, then you could offset your tax liability with \$3,000 from the tax credit; you would then receive the remaining \$10,170 as a refund.

We encourage you to talk with your employer, who may not normally offer adoption benefits, to consider providing this benefit to you. You are permitted to reduce your salary by up to \$13,170 and instead be given this benefit as non-taxable income. So if your adoption fees and expenses come to \$28,000, and your employer gives you \$13,170 in tax-free income, you will most likely save in taxes owed overall to the State, to social security, and Medicaid as well as to the federal government. If you are adopting siblings, the employer-provided benefits can double or triple, based on the number of children you are adopting. In addition to receiving tax-free income, you can also receive up to \$13,170 as a tax credit and/or refund for your remaining adoption expenses.

If your company is the rare employer who provides more than \$13,170 in adoption benefits, then the remaining benefit over \$13,170 is taxable. So if you receive \$15,000 in adoption benefits from your employer, you will have to pay taxes on the \$1,830.

When is a family's income too high to get the tax credit?

As of last year, the credit began to phase out once a taxpayer's modified adjusted gross income (AGI) reached \$182,180. The credit completely phased out at a modified AGI at \$222,180. This means that you cannot claim the credit or employee benefit exclusion at all once your modified AGI is \$222,180.

Both the amount of the credit and the phase out are adjusted for cost of living increases. Please speak with your local tax professional for the exact amounts based on the timing of your adoption.

What about failed adoptions?

If you adopt domestically and the adoption fails, then you can take the adoption tax-credit the year after your adoption has failed. So if this year (2010), you are in the process of adopting domestically, and spend \$7,000 on adoption related fees and birth mother living expenses and the birthmother changes her mind, you can take the tax credit of \$7,000 when you file your 2011 taxes in 2012. If you pay, for example, \$3,000 in federal income taxes, you may be able to receive the other \$4,000 as refund from the IRS. Of course, you have to wait until 2012 to receive those funds.

What about adopting children with special needs?

The special provisions for those adopting children with special needs who pay minimal or no adoption related fees may still be eligible for the tax credit if the adopted children are placed through social services or an agency with a contract with social services.

(Nightlight cannot provide tax advice to your specific situation. This information has been provided in conjunction with attorney John Hine. As with all tax matters, consult with a tax attorney or CPA.)

State Tax Credits

Some states provide a tax credit. For example, in South Carolina families may be eligible for a \$2,000 income deduction on their SC Individual Income Tax return if they have adopted a child with special needs or one who is at risk for special needs. The deduction can begin in the year the adoption was made final. A letter from the adoption agency certifying that their adopted child had a special need or was at risk, should be attached to the family's tax return. Consult the instructions accompanying state tax returns or a tax advisor.

SC Non-Recurring Costs Subsidy

Many South Carolina families adopting domestically are approved to receive \$1,500 from the State of SC when adopting. The information regarding this is included in the Nightlight home study packet.

EMPLOYER ADOPTION BENEFITS

Dave Thomas Foundation

www.davethomasfoundation.org/Our-Work/Adoption-Friendly-Workplace

This program provides information about adoption benefits to employers and employees in both the public and private sectors. Funded by the Dave Thomas Foundation for Adoption, the project maintains a database of employers with adoption benefits—financial reimbursement, paid and/or unpaid leave time, and resource and referral services. This list is updated regularly. As a result of this program, more than 250 employers have implemented or improved adoption benefits, impacting 1.5 million employees nationwide.

State of SC Employees

State of SC employees can receive up to \$5,000 in benefits and \$10,000 if the child has special needs. Check the Employee Insurance Program website for details on their Adoption Assistance Programs.

Federal Employees

www.opm.gov/employment_and_benefits/worklife/officialdocuments/handbooksguides/adoption/index.asp

Federal employees can check the Office of Personnel Management website for detail on adoption benefits.

Federal Family Medical Leave Act

Unpaid leave under the Federal Family Medical Leave Act is also an option. This act allows individuals to take up to 12 weeks off, unpaid with benefits without jeopardizing employment. The leave can provide valuable time for newly adoptive families to bond with their new child.

GRANT PROGRAMS

Parents may be eligible to receive a loan or grant to defray some of their adoption costs. Each grant or loan program determines eligibility requirements. Usually grants are not given until you have a completed home study. Also, you may be required to be pursuing a specific country program as you will most likely need a letter from your placing agency. If you are pursuing a domestic adoption, most likely you will have to use the services of an accredited adoption agency and not just the services of a private attorney.

Ava's Hope

www.avashope.org

Assists families by raising funds for adoption. Accepts new applications only when there are an excess of funds.

Boatner Family Foundation

It is reported that this foundation provides grants from \$1,000 up to \$10,000. They require an agency approval, a financial statement, and a formal application. Contact:

Boatner Family Foundation
P.O. Box 132272
The Woodlands, Texas 77393-2272

Bright Future Adoption Foundation

www.bfaf.org

Provides funding in the form of gifts and grants to people in need of financial help with their adoptions, as well as supporting organizations in their efforts to advance domestic and international adoption.

Cadman Foundation

www.cadmanfoundation.org

Provides grants to families adopting internationally.

China Care Foundation

www.chinacare.org

Provides financial aid in grants or low interest loans to families who are adopting special needs children from China.

Caroline's Promise

www.carolinespromise4u.org

Provides grant funding to Christian adoptive families who reside in either North or South Carolina.

A Child of the King

www.childofthekingfund.org

A South Carolina based non-profit organization that provides grants to Christian families adopting domestically or internationally.

The Gift of Adoption Fund

www.giftofadoption.org

The Gift of Adoption Fund is a non-profit foundation funding donations and fundraising events. Gift of Adoption Fund is established to assist adoptive parents by providing cash grants to subsidize a portion of the costs of adoption. Grants are awarded on a monthly basis with sums ranging from \$2,000 to \$5,000. The grants are available to single parents, families with previous children, and prospective adoptive parents who are adopting internationally, independently or through an agency.

God's Grace Adoption Ministry

www.ggam.org

Grants for Christian families that meet income guidelines

HelpUsAdopt

www.helpusadopt.org

This organization provides grants for domestic and international adoptions. Families must demonstrate a financial need and have a completed homestudy to apply.

Katelyn's Fund Orphan Ministry

<http://katelynsfund.org>

An adoption advocacy organization that also provides a limited number of grants.

Laila Rose Foundation

Contact Nightlight for more information. Provides financial assistance to meet the medical and/or surgical needs of foreign-born adopted children and their adoptive families.

LifeSong For Orphans International

www.lifesongfororphans.org

Offers grants and loans. Also, will work with your church in providing grants and loans through donations. 100 percent of all funds given go directly to the adoption.

LYDIA Fund (Let Youths be Delivered from Institutions by Adoption)

www.lydiafund.org

Provides financial assistance to Christian couples who are adopting internationally.

MICAH Fund (Minority Infant and Children Adoption Help)

www.micahfund.org

Provides financial assistance to families in Minnesota domestically adopting a Black or Bi-racial infant or child.

The National Adoption Foundation Grant Program

www.nafadopt.org/how-we-can-help/how-we-can-help.shtml

Families can apply to this foundation for an outright grant. The grant program is open to all legal adoptions including public or private agency adoptions, international, special needs or adoptions facilitated by an attorney. There is no income requirement. There is a simple one-page application and the only requirement to apply is a home study, or one in progress. The Foundation's board meets four times a year, during the last week of each quarter, to award grants in amounts ranging from \$500 to \$4000.

Sea of Faces Foundation

www.seaoffaces.org

Grants are available to Christian, heterosexual couples, with a completed home study and who are working with a licensed and accredited agency. Grants are given up to \$5,000 and are given in the months of March, June, September and December. Families must have a referral before grants is given. A \$5 donation is requested at time of application.

Show Hope (formerly Shaohannah's Hope)

www.showhope.org

Steven Curtis Chapman's organization offers grants. This excellent organization is also devoted to the ministry of orphans around the world through donations and missions opportunities.

LOAN PROGRAMS

ABBA Fund

www.abbafund.org

The ABBA Fund provides interest-free covenant loans to Christian couples who are called by God to expand their families through adoption and who need help with the "cash flow crunch" posed by adoption expenses.

A Child Waits Foundation

www.achildwaits.org

The foundation provides low interest loans for families who have exhausted other financial options and could not proceed with their adoption without additional help. The foundation will loan \$10,000 or up to 50% of the cost of the adoption, whichever is less, with a repayment term of no more than five years. The adoptive parents must provide the initial funds to adopt. They must be working with an adoption agency licensed in the state of operation, and if approved, funds will be dispersed just prior to finalization of the international adoption. Eligibility is based upon both financial need and credit history

Hebrew Free Loan Association

www.hflasf.org

Provides interest free loans to Jewish families living in Northern California who are adopting domestically or internationally.

National Adoption Foundation (NAF)

www.nafadopt.org

Loan programs and credit card loans are open for any expense an adoptive family may have before, during or after their adoption is finalized. The NAF offers the Adoption Assistance Loan through American General Financial Services. This is actually a general credit-based loan that can be used for any purpose once the funds are dispersed to you.

Oxford Adoption Foundation

www.oxfordadoption.com

Oxford offers no interest or low interest loans for international adoptions, based upon financial need. Oxford will generally lend up to \$5,000 per child, up to a maximum of \$10,000. The typical loan terms are 0% interest for the first three years, 3% interest for the next three years, and 6% interest for the final three years, for a maximum loan term of nine years. Adoptive parents should try to obtain funds from all other sources before contacting Oxford, as they lend only the final amount of money necessary to complete the adoption where all other financial resources have been exhausted.

SPECIAL NEEDS ADOPTIONS

Babushka Fund Scholarship Program

www.nightlight.org/adoption-services/special-needs

This scholarship fund will support the adoption of harder to place or special needs children in Nightlight Christian Adoptions' domestic, international and embryo adoption programs. A scholarship committee will review applications and make awards of \$2,000 to \$5,000 to prospective adopting families.

North American Council on Adoptive Children State Adoption Subsidy

www.nacac.org/adoptionssubsidy/adoptionssubsidy.html

NACAC's Adoption Subsidy Resource Center. Check to see if your state will provide one-time reimbursement for non-recurring subsidy of an adopted child. Amounts vary by state up to \$2000 per child, and require that the child meet state criteria of having a "special need" to receive the subsidy. In nearly all instances, internationally adopted children are not eligible for these subsidies.

MILITARY ADOPTIONS

Military Adoption Reimbursement Program

www.militaryfamily.org/your-benefits/adoption/

Within this program, the military will reimburse active-duty personnel for most one-time adoption costs up to \$2000 per child. Travel costs, foreign or domestic, are not covered. If you adopt more than one child, only up to \$5,000 can be reimbursed in a given year, even if both parents are in the military. Reimbursement is made only after the adoption is finalized and only if the adoption was completed through a state or a non-profit licensed adoption agency. Fees that can be reimbursed include adoption, legal, and placement fees, court costs, and birth mother expenses. Eligible personnel should complete DD form 2673 (Reimbursement for Adoption Expense). Contact your local Personnel Support Unit for more information.

FUNDRAISING

A Mother's Love

www.amotherslovedfundraising.com

An adoptive mom who helps people all across the country through fundraising to defray the cost of their adoptions. She will supply fundraising flyers and catalogs at no charge.

Kingdom Kids

www.kingdomkidsadoption.org

Kingdom Kids has developed a program by which prospective adoptive families raise funds for their adoption. Once you decide on an agency and program the process of fundraising can begin. The first step is to obtain a fund raising packet. Next you will develop a support letter which explains your situation and the details of your adoption and send to your prospective donors. All donations are sent directly to KK, are tax-deductible and are used at Kingdom Kids discretion.

ADDITIONAL INFORMATION

Zoe Foundation

www.zoefoundation.org

This organization assists families who are adopting children with Down syndrome.