



ADOPTION FINANCING STRATEGIES

There are several options available for financing your adoption.

ADOPTION TAX CREDIT

The Tax Relief Act of 2001, passed by Congress in May extended and made permanent the adoption tax credit for all adopting families. Among the most important provisions:

The maximum credit is increased to \$ 10,000 per child, including children with special needs.

A \$10,000 credit is provided in the year a special needs adoption is finalized, regardless of whether the taxpayer had qualified adoption expenses.

The beginning point of the income phase-out range is increased to \$ 150,000 of modified adjusted gross income.

The sunset provision is removed-the adoption credit is permanent for all adoptions.

Employer-provided adoption assistance benefits are permanently excluded from taxable income, and the maximum exclusion is increased to \$ 10,000 per child.

The adoption credit is allowed against the alternative minimum tax permanently.

EMPLOYER ADOPTION BENEFITS

Check with your employer. Many companies, both large and small, have adoption benefits for their employees. Some companies give up to \$ 5,000 in cash adoption benefits when your adoption is completed or in process. Be sure to ask your human resources or personnel department.

ADOPTION LOANS AND GRANTS

Many banks and credit unions give low-cost adoption loans for qualified adoptive parents. The Adoption Foundation has an adoption loan and grant program. Check with your personal banker first.

CREDIT CARD – MASTERCARD AND VISA

Any portion of the cost can be financed on a VISA or MasterCard. There will be a 3% service charge when using this method