

# Planning for Adoption: Knowing the Costs and Resources

## INTRODUCTION

As a hopeful adoptive parent engaged in the adoption process, you have likely considered the services you may need to help provide for the emotional, educational, and other needs of your child or youth before and after adoption. Preparing to provide a lifetime of care for a child or youth involves understanding the services they may require and the assistance available to help you cover those expenses before and after finalization.

This factsheet provides information about pre- and postadoption services, fees associated with those services, and financial assistance available to you and your family so you can best meet the needs of your child during the process of adoption and in the years to come. Employer-provided adoption benefits, Federal or State tax credits, subsidies, loans, and grants may substantially reduce overall fees for adoption services. State and local resources assist adopted children and youth as they grow and come to

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terms with their adoption stories. Knowledge of these resources may help you better understand your financial commitment and allow you to focus on welcoming your child or youth into a caring home and providing them with years of support and permanency.

- 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 Child Welfare Information Gateway's [Exploring the Pathways to Adoption](#).
- For more information about adoption-specific laws in your State, visit Information Gateway's [State Statute Search](#).

## ADOPTION-SPECIFIC FEES AND SERVICES

Different fees and services are associated with the four adoption types available in the United States: adoption from the public child welfare system, adoption from a private agency, independent adoption, and intercountry adoption. These types of adoptions are determined by various factors and circumstances, many of which are discussed in this section. You will better understand the fees associated with the types of adoption by working closely with an adoption agency or adoption professional. The agency, social worker, or other adoption specialist should provide you with detailed information, in writing, about services available to you and fees you will be charged during the adoption process.

This publication does not address the adoption of stepchildren. For information on adopting a stepchild, consult Information Gateway's [Stepparent Adoption](#).

## ADOPTION FROM THE PUBLIC CHILD WELFARE SYSTEM

Adopting a child from the child welfare system is virtually free of cost, and a child may qualify for either State or Federal adoption assistance. The Federal Adoption Assistance and Child Welfare Act of 1980 established a program of financial and medical assistance to help promote adoptions from foster care, reduce financial barriers to adoption, and help adoptive families meet their adopted children's emotional, physical, and mental health needs.

A child who is eligible for Federal adoption assistance is entitled to receive both a recurring monthly government payment (a subsidy) and Medicaid. Adoption subsidies are administered by the State, even when they are funded by the Federal Government. The assistance may last until the child reaches the age of majority, which in most States is age 18.

Adoption assistance may also include a one-time (nonrecurring) reimbursement to help parents cover at least a portion of the adoption expenses, defined as "reasonable and necessary adoption fees." These include court costs, attorney's fees, and other adoption-related expenses. The Federal Government sets the limit for this one-time payment at \$2,000. Each State may set a rate that is up to that amount. Expenses parents pay beyond this cap may be tax deductible in some States.

## ELIGIBILITY FOR ADOPTION ASSISTANCE

To qualify for Federal adoption assistance (under title IV-E of the Social Security Act), a child must meet all three of the eligibility criteria below:

- They cannot return to their parents.
- Reasonable efforts have been made to place the child without assistance.
- The State has determined that there are certain factors or conditions (special needs) that make it difficult to place the child for adoption.

Once these criteria are met, a child can be eligible for assistance in one of the following five ways:

- The child meets income guidelines set by Aid to Families With Dependent Children.
- The child is age 2 or older.
- The child is eligible for Supplemental Security Income benefits.
- The child resides in a placement with the child's minor parent.
- The child's previous adoption was dissolved.

When considering eligibility for adoption assistance, each State will define "special needs." These special needs and circumstances refer to specific factors and conditions that many children in the public child welfare system experience. Because many children adopted from the public child welfare system have experienced loss and separation from their families and communities, they may have unique mental and emotional needs. Some may require ongoing medical care. It is important that you become familiar with the special-needs criteria for the State from which you are adopting. Some common circumstances that may be included in a special-needs definition are the following:

- Being a certain age (will vary by State)
- Having a particular cultural, racial, or ethnic background
- Being part of a sibling group needing to be placed together
- Having medical conditions
- Having physical, mental, or emotional disabilities

<sup>1</sup> This range was determined using estimates from the *Adoptive Families Magazine* article, "[Adoption Cost & Timing in 2016-2017](#);" the [Gladney Center for Adoption](#) website; and [Adoptions Together](#), one of the largest nonprofit domestic adoption agencies. The range reflects the wide variety of adoption service fees among U.S. agencies and States. Hopeful adoptive parents should know that many reputable agencies offer substantially lower fees.

Read Information Gateway's [Adoption Assistance for Children Adopted From Foster Care](#) to learn more about adoption assistance programs. This publication is also available [in Spanish](#).

The North American Council for Adopted Children's (NACAC's) webpage, [U.S. Adoption Assistance/Subsidy](#), also provides useful information for adopting parents.

Information Gateway's [Adoption and Guardianship Assistance by State](#) webpage provides information on adoption assistance by State to help parents and relatives afford the costs associated with adopting and raising eligible children and youth in foster care. To help you find State assistance programs, the NACAC website provides detailed information on State [adoption assistance](#), including eligibility requirements, additional benefits, and contact information.

## **ADOPTION FROM A PRIVATE AGENCY**

Private adoption service fees vary widely. Adoptions conducted outside foster care differ depending on the agency and the individual adoption circumstances. Typically, they may range from \$30,000 to \$60,000.<sup>1</sup> Prospective adoptive parents will pay fees for services such as 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. Families who have a relationship with the birth parent but need the agency to facilitate the adoption and provide counseling, home study, and/or related services may pay adjusted fees. For adoptive parent expenses, some agencies include every birth parent match, regardless of whether the matches result in a placement. 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, a home study can cost between \$1,000 and \$3,000.<sup>2</sup> Also, home studies expire, and the fees need to be renewed. Again, these costs can vary and may not be included in adoptive parent preparation and training and postplacement assistance.

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 legal representation of adoptive parents can be as high as \$4,500 (though they vary by State and court).<sup>3</sup> Whether these expenses are included in the private agency's fees varies with the State and the agency's role in finalizing the adoption. Costs may also be affected by what legal action the attorney needs to take to terminate parental rights.

<sup>2</sup> This range was determined using information from the *Adoptive Families Magazine* articles "[Adoption Cost & Timing in 2016-2017](#)" and "[Surviving the Home Study](#)" and Information Gateway's [The Adoption Home Study Process](#).

<sup>3</sup> Court documentation fees vary by jurisdiction. Attorney ranges were estimated using information from the *Adoptive Families Magazine* article, "[Adoption Cost & Timing in 2016-2017](#)," and the [Gladney Center for Adoption](#).

<sup>4</sup> These ranges were determined using information from the *Adoptive Families Magazine* article "[Adoption Cost & Timing in 2016-2017](#)," the Gladney Center for Adoption article "[How Much Does Private Adoption Cost](#)," and [Adoptions Together](#). Outside these ranges, hopeful parents can find agencies that offer substantially lower fees.

<sup>5</sup> These ranges were determined using information in the Gladney Center for Adoption article "[How Much Does Private Adoption Cost](#)" and the *Adoptive Families Magazine* article "[Adoption Cost & Timing in 2016-2017](#)."

## 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. Fees associated with adoption via an attorney may range from \$25,000 to \$45,000.<sup>4</sup> This 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.<sup>5</sup> The Information Gateway publication [Regulation of Private Domestic Adoption Expenses](#) features information about State laws governing these types of expenses.

Some nonprofit adoption organizations, like [Pact: An Adoption Alliance](#) and [The Cradle's Ardythe and Gale Sayers Center for African-American Adoption](#), provide financial support to adoptive families and help parents who want to match their newborns with families of the same race and culture or with parents who want to adopt African-American children or children of color as their first choice.

## INTERCOUNTRY ADOPTION

Intercountry adoption fees differ widely from country to country. Costs may be higher than for domestic adoptions because foreign travel and immigration processing may be included, as well as court costs, adoption education for prospective adoptive parents, and related documentation. Average costs may run between \$20,000 and \$50,000.<sup>6</sup> 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 costs. For more information about Federal and State requirements for intercountry adoption, including which States fully recognize foreign adoptions, refer to Information Gateway's [State Recognition of Intercountry Adoptions Finalized Abroad](#).

Depending on which countries are involved, there may be additional adoption fees, 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 2020 Annual Report on Intercountry Adoption](#)
- [Intercountry Adoptions: From A to Z](#)
- [Adoption Process](#)

For more information on intercountry adoption, visit Information Gateway's [Intercountry Adoption: What Do I Need to Know?](#)

## SUPPORT SERVICES FOR CHILDREN AND FAMILIES

Support services are also available that help you consider what kind of assistance you and your child need as your child grows and you navigate the physical, social, emotional, and psychological considerations and effects of adoption. The following Information Gateway resources provide lists of support groups for adoptive parents and kinship/relative caregivers:

- [The State Foster/Adoptive Family Associations/Coalitions](#) webpage provides a listing of State-level associations/coalitions of families that work to strengthen foster and adoptive parents and kinship/relative caregiver families through training, support, advocacy, and outreach activities.

<sup>6</sup> These rates are estimates of figures provided by Information Gateway's [Intercountry Adoption: What Do I Need to Know?](#) and the *Adoptive Families Magazine* article "[Adoption Cost & Timing in 2016-2017](#)."

- [Helping Your Adopted Children Maintain Important Relationships With Family](#) is intended to help adoptive parents support children, youth, and birth families in strengthening their relationships.
- The [Postadoption and Permanency Support Services](#) webpage links to postadoption information provided by State child welfare systems and State-funded and State-contracted organizations.
- The [Parenting After Adoption](#) webpage provides resources that explain what to expect at various developmental stages, including how to talk about adoption, address adoption issues in school, help children deal with grief and loss, recognize and get help for postadoption depression, find needed services, and obtain financial assistance.
- [Finding and Working With Adoption-Competent Therapists](#) provides useful insights regarding the role of therapy as part of adoption support and preservation services as well as information about insurance coverage and other funding for therapy.

## RESOURCES TO ASSIST WITH FEES AND SERVICES

While there are expenses associated with all types of adoption services, a variety of resources are 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 may come in the form of financial assistance, adoption counseling, or employee leave policies. According to the International Foundation of Employee Benefit Plans, the number of employers who offer their employees paid adoption leave increased from 19 percent in 2016 to 27 percent in 2020 (as cited in Miller, 2021). In fact, some employers are providing adoption benefits with LGBTQ+ (lesbian, gay, bisexual, transgender, queer and/or questioning, and others) and single prospective parents in mind (Miller, 2021). Some employers offer a lump-sum payment to help with adoption fees. According to the [Dave Thomas Foundation for Adoption's 2021 annual survey of employers](#), those who completed the survey offer \$10,961 on average in financial reimbursement and an average paid leave of 7.69 weeks.

### PARENTAL LEAVE POLICIES

Under the [Family and Medical Leave Act](#), companies with 50 or more employees must 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 requires employers to continue health benefits during that period.

Some employers allow additional unpaid leave time. 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

The following organizations/employers offer support to adoptive parents. To determine whether your employer 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.
- The [Holt International](#) website includes an extensive list of employers providing adoption-related benefits.
- The U.S. Department of Defense reimburses up to \$2,000 per child or up to \$5,000 per year for adoption expenses incurred by military families whose adoptions are arranged by an authorized adoption agency. Benefits are paid after the adoption is completed. For more information on adoption benefits for military families, see Information Gateway's [Military Families Considering Adoption](#) and the U.S. Department of Defense's [adoption reimbursement policy](#).

<sup>7</sup> ["Are Employer-Provided Adoption Benefits Taxable?" \(chron.com\)](#)

## TAX CREDITS

Adoption tax credits may be available to offset your adoption expenses. For example, employer-provided adoption assistance is not subject to Federal withholding taxes if it is provided through a qualified adoption-assistance program.<sup>7</sup>

A tax professional can help you determine your eligibility for these credits. For more information on adoption tax credits, see NACAC's [Adoption Tax Credit: Claiming the Federal Adoption Tax Credit for Adoptions](#) (updated annually).

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 eligible for credit only if they have Federal income tax liability, but any credit in excess of your tax liability that year may be carried forward for up to 5 years. 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.

## 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 [Adoption and Guardianship Assistance by State](#) and [State Adoption Assistance Programs](#).

## 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. Loans and grants 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.

## CONCLUSION

Adoption is a lifelong process. The adoption decision involves developing an awareness about your family's desire to adopt and understanding your ability to meet the needs of a child or youth who is eligible for adoption. Adopting and caring for a child involves consideration of the services associated with adoption and the varying needs of your child or youth throughout the stages of their life. Resources are also available to assist you as you support your child or youth on the adoption journey. Taking advantage of the information in this factsheet may help guide you and your child along the way.

## ADDITIONAL RESOURCES

[AdoptUSKids](#) is a national project that supports child welfare systems and connects children in foster care with families. AdoptUSKids compiles information about [support services for adoptive families](#). You can also find specific [postadoption resources in your State](#).

[Center for Adoption Support and Education \(C.A.S.E.\)](#) has a directory of approximately 1,800 therapists who can help pre- and postadoptive families searching for adoption-competent therapists.

[Creating a Family](#) offers extensive adoption resources, including information on costs and financing.

The [Adoption Center](#) provides resources for prospective adoptive families exploring adoption from foster care.

[National Adoption Foundation](#) offers a doption grants, loan programs, and adoption insurance.

NACAC lists [State adoption subsidy](#) programs and provides information on negotiating for an adoption subsidy. NACAC also provides information on [adoption tax credits](#).

The [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.



## REFERENCES

Miller, S. (2021). *Family-forming benefits serve a diverse workforce*. SHRM: Better Workplaces Better World. Retrieved from <https://www.shrm.org/resourcesandtools/hr-topics/benefits/pages/family-forming-benefits-serve-a-diverse-workforce.aspx>

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