

Do I qualify for any special tax benefits for being an adoptive parent?

Adoption Tax Credit

Beginning January 1, 2003 parents who adopt a child with special needs may qualify for a \$10,000 dollar tax credit, even if they incurred zero expenses related to the adoption. A tax credit is not a refund. A credit allows the taxpayer to subtract the amount of the tax credit directly from any taxes owed.

Adoptive parents qualify for the full amount of the credit if their annual income is less than \$150,000. The amount of the credit adoptive parents may take decreases as their income approaches \$190,000, and if their income exceeds \$190,000 they are not eligible for the credit.

Adoptive parents who do not owe enough taxes to take the full amount of the credit for the year in which the adoption is finalized can apply the remaining amount of the credit to the next four tax years.

In addition to the Adoption Tax Credit, adoptive parents may be eligible for other valuable tax benefits. Consult a tax advisor regarding individual situations.



What health coverage and medical assistance are available for my child? What state medical assistance is available?

All children who are eligible for AAP benefits are also entitled to health care services through the state Medicaid program (known as "Medi-Cal" in California).

Will my employers group health plan now cover my adopted child?

If your employer offers group health plan coverage for its employees and their dependent children, the employer must provide adopted children the same coverage offered to birth children. Adoptive parents who have group health should consider keeping Medicaid for the child as a secondary form of insurance.

Read this information over carefully. Please remember that individual circumstances vary greatly, and laws can change at any time. For personal assistance, please contact The Alliance for Children's Rights. We are here to help you.

The Alliance for Children's Rights

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Los Angeles County Department of Children and Family Services

Post-Adoption Services
(800) 735-4984

The Alliance for Children's Rights

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Your rights as an adoptive parent



The Alliance for Children's Rights
protecting the future of all children

What financial help is available?

Adoption Assistance Program

The Adoption Assistance Program (AAP) is a federal state program that provides financial assistance for adoptive parents to help pay the added expense of raising a child with special needs.

- A “child with special needs” is a child who likely would not be adopted without financial assistance because of ethnicity, age (3 years or more), member of a sibling group, or physical, mental or emotional disability. The vast majority of children who are adopted from foster care are entitled to AAP.
- The amount of AAP payments, like foster care payments, vary depending on the age and special needs of the child. For example, California offers specialized rates for children who have serious emotional or behavioral problems, medical conditions, physical disabilities or developmental delays. The AAP payment amount is automatically reviewed every two years and can be adjusted at any time if the child’s needs have changed. AAP payments to the adoptive parents begins after the adoptive placement and adoption assistance agreements have been signed.
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- An adoption assistance agreement must be signed before the adoption is finalized, or the child will be ineligible to receive the AAP benefits.

Nonrecurring Adoption Expenses Program

States are required to reimburse parents who adopt children with special needs for any out of pocket “nonrecurring adoption expenses.” These expenses could include:

- Adoption agency fees, court costs, or attorney fees.
- Other expenses related to the adoption, such as costs associated with the adoption home study, fingerprints, physical exams, transportation, childcare, and lost wages due to absence from work necessary for the adoption.

States may limit the amount of these payments. For example, in California, nonrecurring adoption expenses may be reimbursed up to \$400.00

Can I take time away from work when I become a new adoptive parent?

Family Medical Leave Act

What is family leave?

The federal Family Medical Leave Act and many state’s laws such as the California Family Rights Act, grant the right to “family leave,” which allows eligible employees to take up to 12 weeks of unpaid leave from work for the birth or adoption of a child..

- An employer is not required to pay the employee during family leave. However, the employee may choose to be required to use vacation time or other paid time off, except for sick leave, that the employee may have accrued.
- Some states are moving toward paid family leave. Currently only California has enacted such a law. As of July 1, 2004 employees in California are entitled to take up to six weeks of partially paid family leave from work to care for a newly adopted child.

Who is eligible for family leave?

Family leave is available to either full or part-time employees if their employer has 50 or more employees. Employees must have worked for that employer at least one year, with at least 1,2500 hours of service during the year prior to the date the family leave is to begin. Employees working for State, Cities and Counties, regardless of the number of employees, are also eligible for family leave.

- Under the new California law there is no 50-employee minimum requirement and no minimum requirement and no minimum period of time the employee must have worked for the employer in order for the employee to be eligible for family leave.

How long is the family leave?

Employees may take up to 12 weeks of unpaid family leave during the 12-month period following the placement of a child with the employee for adoption. For example, leave may include time for the employee to attend counseling sessions, appear in court, consult with his or her attorney.



Family leave may be taken in one continuous period of time or separate periods of time. If the employer agrees, the leave may be taken on a “reduced leave schedule,” which is a change in the employee’s schedule, normally from full-time to part-time.

Is my job protected while I am taking family leave?

Upon return from family leave, an employer must give the employee the same or “equivalent “ position he or she had before the leave began.

Will I still get benefits while I am on family leave?

During family leave, an employer must continue the employer’s coverage under any group health plan on the same conditions as if the employee had not taken the leave.