



## Adoption Reimbursement Program

Stanford University offers eligible employees adoption assistance that reimburses up to \$10,000 per adoption for "qualified adoption expenses." Any expenses incurred on or after the employee's first day of Stanford University employment, but not before September 1, 2001, are eligible for reimbursement consideration.

### Eligibility

#### *Eligible Employees*

All benefits-eligible faculty and staff working at least 50% FTE or more and with an assignment of at least six (6) months' duration are qualified to apply for reimbursement under the *Adoption Reimbursement Program*.

If an employee leaves the University, the employee is considered eligible for reimbursement of qualified adoption expenses if the placement of the eligible child or the finalization of adoption occurred prior to termination. All expenses claimed must have been incurred while Stanford employed the employee. Claims for reimbursement must be made within 30 days of termination.

#### *Eligible Child*

The adopted child may not be the child of the employee's spouse or domestic partner and must be under the age of 18 at the time a qualified adoption expense is paid or incurred.

### Benefit Amount

Documented qualified adoption expenses for an eligible child will be reimbursed to a maximum of \$10,000 per adoption and up to two adoptions per family. If an employee and his/her spouse or domestic partner both work at Stanford, the two together are eligible to be reimbursed up to a maximum of \$10,000 per adoption and a limit of two adoptions per family (\$20,000).

In the case of the simultaneous adoption of two eligible children, that adoption counts as one adoption and the maximum reimbursement will be \$10,000 for all combined qualified adoption expenses.

If the employee and his/her spouse or domestic partner receive adoption assistance from any source other than the Stanford *Adoption Reimbursement Program* for qualified adoption expenses, those same expenses will not be eligible for reimbursement under the Stanford *Adoption Reimbursement Program*.

### Qualified Adoption Expenses

"Qualified adoption expenses" are reasonable and necessary adoption fees, court costs, attorneys' fees and other expenses directly related to, and whose principal purpose is for, the legal adoption of an eligible child, such as:

- Reasonable and customary public and private adoption agency fees permitted or required under the law of the state having jurisdiction over the adoption.
- Reasonable and customary legal and court fees.
- Reasonable and customary fees for medical and hospital services provided to the child (not otherwise covered by insurance).

- Temporary foster care charges provided before placement of the eligible child in the employee's home.
- Travelling expenses associated with the adoption, including transportation, meals, and lodging.
- Immigration, child's immunization, and translation fees.

### Nonqualified Expenses

Qualifying adoption expenses do not include expenses:

- That violate state or federal law,
- For carrying out any surrogate parenting arrangement,
- For the adoption of your spouse's child,
- Paid using funds received from any federal, state, or local program,
- Allowed as a credit or deduction under any other federal income tax rule.

### Tax Treatment of Reimbursement

The information provided here is a summary of the current tax laws as they apply to the Stanford University *Adoption Reimbursement Program*. This is not intended as tax or legal advice. Individual employees should consult with their own tax and/or legal advisors prior to participation. For more information concerning tax implications, see the IRS website at [www.irs.gov](http://www.irs.gov).

- Congress provided for a tax credit, subject to income limitations, of up to \$12,150 for expenses to adopt an eligible child.
- Eligible employees may use both the income exclusion and the tax credit for adoption expenses, provided that the same expenses are not submitted to the *Adoption Reimbursement Program* and also used to calculate the tax credit. The limit for the combined exclusion and credit is \$12,150 per adoption.
- Stanford University will not withhold any federal or California State taxes on reimbursements to the employee under the *Adoption Reimbursement Program*.
- Stanford University will withhold FICA taxes on reimbursements to the employee under the *Adoption Reimbursement Program* to the extent the employee's total FICA wages, including the adoption reimbursement, do not exceed the calendar year FICA maximum. SU will withhold FICA-HI (Medicare) tax on the employee's total wages including the adoption reimbursement amount.
- IRS regulations currently state that the tax credit, as well as the income exclusion, for adoption assistance paid under this *Adoption Reimbursement Program* begins to phase out as the modified adjusted gross income ("modified AGI") of the employee and the employee's spouse exceeds \$182,180. The income exclusion is completely eliminated once the modified AGI reaches \$222,180.
- If the employee believes that the phase out of the income exclusion for the *Adoption Reimbursement Program* benefit will apply, the employee may increase his/her income tax withholding for federal and state taxes by completing a revised form with the Stanford University Payroll Department Payroll Department.
- **In all cases, the employee is responsible for the accurate reporting to the IRS and state and local taxing authorities of amounts reimbursed under the Stanford University *Adoption Reimbursement***

*Program.* Such amounts are identified on the employee's year-end W-2 for the year in which the benefit is paid. Reimbursement amounts will be shown in Box 12, with code "T."

### **Reimbursement Procedures**

Eligible employees may apply for reimbursement of qualified adoption expenses upon placement of the eligible child in the employee's home. Applications for reimbursement must be made within six (6) months following the finalization of the adoption.

In the case of an unsuccessful adoption, qualified adoption expenses may be reimbursed with authorizing documentation. The reimbursement will be considered part of the maximum amount allowed per employee.

Reimbursement forms can be downloaded directly from the WorkLife Office website at <http://worklife.stanford.edu> or call the WorkLife Office at (650) 723-2660 and one will be sent to you.

Send or submit the completed reimbursement form with verifying documents and invoices to **WorkLife Office, 320 Panama Street, Stanford, CA 94305-4160**. Sorry, no faxes will be accepted.