

SAMPLE PROPOSAL FOR ADOPTION BENEFITS POLICY

The following proposal is an excellent example of the use of Melissa Sherlock's template (available on Holt's website at <http://www.holtintl.org/benefits.html>) combined with a lot of extra research. Thank you to David Greene for allowing us to post this proposal for Adoption Benefits on our website. While all of the following information may not be applicable to your situation, it's a good example of tailoring your request to your employer's situation.

Message from David Greene:

This proposal requests only a monetary benefit; if your employer provides paid maternity leave you might also wish to request that as an adoption benefit, based on equity arguments. Mine didn't (problematic in an academic setting, its hard for anyone else to teach my classes) so it wasn't an issue for me.

My employer was reasonably receptive to this idea, but it took a long time to work its way through the numerous oversight committees and up the chain of command. From my experience, I would say start early, and be polite but persistent. Its not urgent to anyone but you, and it tends to end up at the bottom of the paper stack if you don't keep following up on it. Also, try to involve someone with authority early on. My proposal started with Human Resources, and I was careful not to bypass them or appear to be going over their heads, but in the end the decision will be made at a higher level, so my goal was to get Human Resources "on board" so to speak without giving them an opportunity to kill the proposal.

My employer especially liked the "family-friendly" aspects of this proposal, and the fact that it appeared to not be especially expensive over the long term. It can be hard going when asking for things like this, but people do mostly want to help. I got very discouraged at one point when it looked like the proposal would never get out of committee, but I managed to keep my cool and continue the polite-but-persistent approach and in the end a number of people in the organization rallied around to help get it through.

Good luck, and if I can provide further help, feel free to email me.

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PROPOSAL FOR _____
ADOPTION BENEFITS POLICY

Date: May 2, 2000

Summary of Proposal

In this document I propose that _____ provide to its employees an adoption benefit to assist with expenses associated with adoption of a child into the employee's family. _____ at present provides significant benefits to families for the birth of a child, including especially full coverage of medical expenses associated with the birth. If a child enters the family by adoption, however, the very substantial expenses involved (typically \$10,000 to \$25,000), including all medical costs associated with the birth of the child, are not covered by medical or other insurance and must be paid directly by the employee. Federal law currently allows _____ to provide, as an employee benefit, up to \$5000 in tax free expense reimbursement to assist with the material costs of building a family by adoption.

The advantages of such a benefit would be that it:

- 1) **addresses a significant inequity** in the present benefit structure;
- 2) is an **extremely cost-effective** (because tax exempt) method of providing support to _____ employees at a time of substantial need;
- 3) encourages employees to consider this alternative method of building a family that is much **less costly to the institution** than long-term utilization of specialized fertility treatments and their associated risks of premature and multiple births;
- 4) is a benefit likely to be much appreciated by employees as an available option, but actually **utilized rarely** enough so that it would not have large financial consequences for the institution.

This document consists of:

- 1) Proposal Summary
- 2) Detailed description and justification of the proposal for an Adoption Assistance Program
- 3) Summary of proposed Adoption Assistance Program
- 4) Appendix I: Partial List of Employers Offering Adoption Benefits
- 5) Appendix II: Owens-Corning Benefits for Adoptive Parents
- 6) Appendix III: The Ohio State University Adoption Assistance Program

Proposal

I propose that _____ add an adoption benefit for employees that provides for up to \$5000 reimbursement of direct adoption expenses. This proposal seeks to justify the inclusion of such a benefit in _____'s employee benefits package.

Overview

There are a growing number of employers in this country that offer some kind of adoption benefits to their employees (see Appendix I for partial list). Local employers with an adoption benefit include: _____, _____, and _____. A 2003 study of 975 employers by the benefits consulting firm Hewitt Associates found that about 36 percent offered adoption benefits, up from 23 percent in 1995. In some cases, the benefit is a financial reimbursement to cover some or all adoption costs. Adoption may be more than twice as expensive as birth, with costs for a typical adoption presently ranging from \$10,000 to \$25,000. In other cases, it is also a policy that allows for adoption leave (similar to maternity or paternity leave) so that the child and parents can have time to adjust to each other. It is important for parents and their adopted children to form the special attachment or bond that parents and their biological children are able to form.

As adoption has gained in acceptance as a way to begin or expand a family, employees and employers have become more interested in adoption benefits. Many prospective parents find it very difficult to adopt without the support of their employers.

While maternity benefits are standard in most health care programs, adoption benefits have a long way to go, yet they are just as greatly needed. In addition to needing financial help, adoptive parents need to know that their employer is committed to family life for all families, and is willing to allow the time necessary for a child and parents to establish and build a healthy, loving relationship. There is a growing recognition that our work places should give family concerns a higher priority in order to keep valuable staff happy and productive, and allow them to achieve balance in their lives. Many employers view employees with families as stable, reliable, hardworking assets. Unfortunately, however, biological families and adoptive families are sometimes treated quite differently where benefits are concerned.

Adoption Benefits Plans

An adoption benefits plan is an employer-sponsored program that financially assists or reimburses employees for expenses related to the adoption of a child and/or provides for paid or unpaid leave for the adoptive parent employee. Financial assistance may be reimbursement for specific costs or a set amount of money, regardless of actual expenses. Adoption leave may be paid or unpaid and provides time following an adoption for parents to bond with their adopted child and help the child feel comfortable in his or her new environment. Many employers with adoption benefits offer a combination of financial help and leave time. Often, employers offer adoption-related benefits, but they are not part of a separate adoption benefits plan. They may be offered under general employment leave or maternity/paternity benefits.

Why Would _____ Offer an Adoption Benefit?

Equity: Two of the most compelling reasons for a company to offer benefits are equity and fairness. Employees who choose parenthood through adoption should receive benefits comparable to those who have children biologically. _____, one of the employers listed later in this report that offers adoption assistance, recently increased their benefit from \$2,000 to \$5,000 since they pay an average of \$4,000 to \$7,000 for the medical expenses of birth parents.

Low Cost: Since relatively few employees actually utilize adoption benefits, the cost to the company is low, assuring that cost containment need not be a concern. About 50,000 families in the United States adopt each year. Nationally, less than half of 1 percent of all employees whose employers offer adoption assistance actually use it. Michael McDermott, Senior Director of Human Resources, G. D. Searle & Co. in Skokie, Illinois states, "We have found this benefit to be very well received by our employees, and very cost-effective. We currently experience from two to six adoptions per year. I would endorse the adoption allowance to any employer contemplating it."

Moreover, adoption benefits as I am proposing them here offer _____ an "insurance policy" against high birth costs. They are, in fact, the lowest cost option of providing benefits for adding a family member to an employee family. Many couples contemplating adoption do so because of problems conceiving a child. Some couples choose adoption over sophisticated, expensive fertility treatments even though a fertility specialist may encourage them to continue treatment, and tell them they have a good chance of achieving a pregnancy. Some couples make the choice of adoption because the infertility treatment would result in long term risk of ovarian cancer from fertility drugs, and of high risk pregnancy due to the higher chances of miscarriage and the significantly higher odds of premature and multiple births. The emotional difficulties of undergoing infertility treatment, or of suffering repeated pregnancy losses, are other reasons couples turn to adoption.

One need only consider the typical costs for premature births and multiple births to see what a "bargain" adoption benefits really are. However, employees who make the adoption choice are faced with a lack of benefits while employees who choose to take the risks inherent in fertility treatments are provided excellent benefit coverage even if complications and high medical costs occur as a result of their decision.

In my own case, my wife and I were encouraged by fertility specialists to undergo an extensive series of tests (estimated cost \$1,900) while continuing fertility treatments that were costing _____ an average of \$1800 per month (after deductible; we also paid out-of-pocket an average of \$350 per month). These fertility treatments had a high probability of substantial pre-natal and delivery costs if we were successful. Because _____'s medical insurance covers almost all of these expenses, but none of the costs of alternatives such as adoption, there is a strong financial incentive to continue treatments beyond what one might otherwise choose.

Good Will: Good will and institutional loyalty of employees are very important for _____ if we are to realize our goals as an institution of excellence. Employees, especially younger faculty and staff, are quite sensitive about employee benefit issues in general, and "family-friendly" policies in particular. Due to the ever-lengthening graduate school and post-doctoral study required for excellence in most specialties, the present generation of young faculty are especially vulnerable to fertility problems, and likely to be especially appreciative of support for alternative methods of building a family. A generous adoption benefit would be notably "family-friendly" and would have a positive effect on both recruitment of new faculty and retention of existing faculty and staff.

Social Benefit: Children and families would be the beneficiaries of _____'s support of adoption, just as biological children and families have benefitted from support throughout _____'s history. The benefits may make the difference in a decision to adopt, which may be particularly meaningful for the growing number of available children in foster care in the U.S. or in foreign countries. Everyone benefits from an adoption benefit plan: the community, the institution, the employees and their adopted children.

Acceptance by Employers: More and more employers and educational institutions are offering adoption benefits packages and many want to keep pace with their competitors and colleagues. In addition, legal actions have consistently supported the equity consideration. In fact, several employers have raised the value of their adoption benefits since their first offering. An executive from Xerox's Human Resource Department who adopted says, "As a personnel manager I was well aware of the benefit program and I knew that Xerox was extremely sensitive to adoption as a family option. The fact that they just increased their reimbursement proves that. They also gave me a leave of absence. I can't speak highly enough of management's commitment. It's there whether you adopt or have a baby biologically. The company doesn't just send you a reimbursement check, but a very nice personalized letter. It's an excellent benefit."

Acceptance by other _____ Employees: I have spoken to many _____ employees who were genuinely surprised at the high fixed costs associated with adoption, and that adoptive parents at _____ do not currently enjoy the same level of support as biological parents. There is a strong feeling that people who support family policies support them for all families, all parents, all employees.

What Expenses Should be Covered?

For domestic adoptions expenses might include doctor and hospital bills associated with the birth, public and private agency fees, court costs and legal fees, counseling fees associated with the placement and initial adjustment associated with the adoption. Foreign adoption fees may include agency and home study fees, orphanage fees, medical expenses, foster care expenses, translation, immunization and immigration fees. The federal government publishes specific guidelines for eligible adoption expenses.

When are Benefits Paid?

In most cases benefits are paid after the adoption is finalized. Some employers, recognizing the accumulating expenses and the need for a child to live in the home prior to

finalization, are providing reimbursement earlier--when the child is placed in the home or as expenses are incurred.

Are All Types of Adoption Covered?

Some employers do not cover adoptions by stepparents, but among plans implemented more recently, the trend is toward including all adoptions. Also, some employers have an age limit on the adopted child that determines whether benefits will be paid. Most of those with age limits specify the child must be under either 16 or 18 years of age.

How Do Adoption Benefits and Maternity Benefits Compare?

While most employers recognize the need for fairness to all employees, adoption benefits have not even begun to keep pace with maternity benefits. Since regulations require that pregnancy be treated as a disability, reimbursements through medical plans have risen dramatically. This has not been the case for adoptions, since an adoptive parent is not "disabled" by pregnancy and its immediate aftermath. Yet, there are employers that try to parallel maternity benefits by steadily increasing the adoption reimbursement. At least one company, Time, Incorporated, bases its maximum adoption benefit on the latest average of pregnancy costs in the area.

According to Susan Eisenman, a Columbus adoption specialist, average hospital fees for a normal birth range from \$5,000 to \$8,000, while physician fees range from \$2,500 to \$3,200. Thus the total average cost for a normal birth may range from \$7,500 to \$11,200. Average delivery figures for multiple births are not available, but because multiples are often born prematurely and require longer hospital care after they are born, costs for twins, triplets or quadruplets would undoubtedly be many times higher. _____ employees with PPO coverage pay only a \$200 deductible, and then only 10% of their costs for having a child, with an annual out-of-pocket limit of \$1600. All expenses over \$1,600 are paid by CIGNA/_____ with effectively no limit.

Thus the employee family benefit for the uncomplicated addition of a newborn child might easily range from \$5700 to \$9400 (total average costs minus deductible and maximum annual out-of-pocket). Some of this expense is covered by employee contributions to health insurance, but as _____ contributes a substantial portion of the health insurance pool, the majority of this benefit is coming from the institution.

Are Adoption Benefits Taxable?

A law passed in August of 1996 makes employer contribution of adoption expenses up to \$5000 non-taxable provided the adopting couples' adjusted gross income is \$75,000 or less. This demonstrates the federal government's commitment to encouraging adoption and the provision of adoption benefits by employers. It also means that an employer-provided adoption benefit is very cost-effective and provides a high level of "bang for the buck" compared to other financial options (such as loans or outside jobs) that the employee might be forced to consider.

Summary

Adoption has become an accepted method of building a family. Employers sensitive to family issues recognize the importance of adoption benefits and the need for equitable employee treatment. Many employers find that offering monetary assistance and/or leave benefits creates good will and a sense of employee equity within the company, incurs minimal costs in the scheme of employee benefits, and creates a positive and "family-friendly" image. It is my sincere hope that after reviewing the information in this proposal, _____ will seriously consider an adoption benefits plan including adoption expense reimbursement of \$5,000 for employees who adopt.

Acknowledgements

This proposal includes material from a similar, successful proposal by Melissa Sherlock to her employer, ACI of Omaha, Nebraska. Other sources include Holt International Children's Services, Eugene, Oregon; the National Adoption Information Clearinghouse report *Adoption Benefits: Employers as Partners in Family Building*; NAIC Online Publications, Washington, D.C.; and Hewitt Associates report *Work and Family Benefits Provided by Major U.S. Employers*; Hewitt Associates, Lincolnshire, Illinois, (847) 295-5000.

Proposed
Adoption Assistance Program
for _____

(modeled on programs offered by Ohio State University and Owens-Corning,
and on Internal Revenue Service Publication 968: *Tax Benefits for Adoption*)

The Adoption Assistance Program, effective November 1, 2000, pays, upon placement in the home, up to \$5,000 per adopted child to eligible faculty and staff for adoption-related expenses.

Eligibility - Any full time, continuing faculty or staff member is eligible for the Adoption Assistance benefit. If both you and your spouse are university employees, the benefit maximum may not exceed \$5,000 per child. Adopted children must be under 18. They may be biologically related to either parent. Adoptions made through public, private, domestic, international and independent means are eligible.

Reimbursement - Upon placement in the home, eligible adoption-related expenses will be reimbursed to a maximum of \$5,000 per child. Reasonable and necessary expenses directly related to the adoption are reimbursable, including:

- * Agency and placement fees
- * Attorney fees, other legal fees and court costs
- * Medical expenses related to the child's birth
- * Medical maternity expenses for the child's biological mother not covered by insurance
- * Required medical expenses for child prior to adoption
- * Temporary foster care expenses incurred prior to placement
- * Immigration fees
- * Immunization costs
- * Translation services
- * Transportation and lodging expenses related to the adoption

Not all expenses are eligible; examples are:

- * Medical exams for the adopting parents
- * Costs of personal items, i.e. clothing, food
- * Expenses incurred while not an employee

Procedure for Reimbursement - Upon placement of the child in your home, itemized receipts for eligible incurred expenses should be presented to the Human Resources office.

APPENDIX I*

Partial List of Employers Offering Adoption Benefits

*Source: Modified from a report by Hewitt Associates entitled *Work and Family Benefits Provided by Major U.S. Employers in 1995*: Lincolnshire, IL; Hewitt Associates (708) 295-5000.

APPENDIX II

Owens Corning Adoption Benefits Plan

(copy provided by Owens Corning Human Resources Dept.)

APPENDIX III

The Ohio State University Adoption Assistance Program

(copy provided by an Ohio State University employee)