

# **HERTZ ADOPTION ASSISTANCE PROGRAM**

(Effective July 1, 2018)

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## INTRODUCTION

Effective July 1, 2018, The Hertz Corporation (the “Company”) hereby establishes the Hertz Adoption Assistance Program (the “Program”) for the benefit of Eligible Employees of the Company and the Participating Employers. The Program offers assistance in paying expenses associated with the adoption of a child. If you adopt a child and your situation qualifies for benefits, the Program may reimburse you for a portion of your eligible expenses.

## DEFINED TERMS

The capitalized terms used in this Program have specific meanings, which are defined below.

**Adoption Benefit Maximum** means the maximum amount the Program will reimburse you for Qualified Adoption Expenses incurred in adopting an Eligible Child. The Adoption Benefit Maximum is \$5,000 per Eligible Child (up to a maximum of two Eligible Children per Eligible Employee).

**Domestic Partner** means a person who is a same-sex domestic partner of an Eligible Employee and who lives in a state that allows a same-sex second parent or co-parent to adopt his or her partner’s child.

**Eligible Child** means any child under age 18 who is not a blood relative or previously adopted child of the Eligible Employee or his or her Spouse. If the child turned 18 during the year, the child is an Eligible Child for the part of the year he or she was under age 18 (unless the child is physically or mentally incapable of self-care).

**Eligible Employee** means an employee of the Company or a Participating Employer who meets the criteria set forth in the *Who is Eligible* section below.

**Participating Employer** means the U.S. divisions and subsidiaries of any affiliate of the Company included on Exhibit A.

**Qualified Adoption Expenses** means expenses incurred on or after the effective date of the Program that are reasonable and necessary expenses directly related to, and for the principal purpose of, the legal adoption of an Eligible Child.

**Spouse** means a person who is legally married to an Eligible Employee under applicable law.

## HOW THE ADOPTION ASSISTANCE PROGRAM WORKS

### Who is Eligible

You are eligible to participate in the Program if you are designated as a regular full-time employee of the Company or a Participating Employer on the regular United States payroll and you have at least one year of continuous service. For purposes of clarification, a person who is otherwise eligible but on an approved leave of absence from the Company or a Participating Employer shall be eligible to participate in the Program during the term of the approved leave of absence.

The following individuals are not eligible to participate in the Program:

- A “leased employee” as defined in Section 414(n) of the Code;
- An individual who is treated as an independent contractor or consultant, even if a court or governmental agency subsequently determines such individual is an employee;
- An employee of an affiliate that has not adopted the Program;
- An employee who is designated as a temporary or casual employee on their employer’s payroll records;
- An individual who directly or indirectly provides services to the Company under a contractual or other arrangement, written or otherwise, with the Company or a third party, other than one specifically providing for an employment relationship with the Company;
- An individual for whom the Company does not issue an IRS Form W-2 (or any replacement form); and
- An employee who is designated as a part-time employee on their employer’s payroll records.

**When Participation Begins**

You do not need to enroll to participate in the Program. Your participation in the Program will begin on the first day you are an Eligible Employee.

**Cost of Benefits**

You do not contribute to the cost of the benefits that are payable under the Program. The Company or the Participating Employer pays the full cost of the benefits under this Program.

**When Benefits Are Paid**

The Program pays benefits only for Qualified Adoption Expenses (“QAEs”) after the adoption of an Eligible Child is legally final. In order to be eligible for reimbursement under the Program, the QAEs must be:

- Included in the “Schedule of Benefits” in the *Your Adoption Assistance Program Benefits* section;
- Incurred while you are participating in the Program; and
- Incurred in accordance with the Program’s terms.

**When Participation Ends**

Your participation in the Program automatically ends on the earliest of:

- The date the Company terminates the Program for any reason;
- The day your employment ends; or
- The day you otherwise cease to be eligible to participate in the Program.

**YOUR ADOPTION ASSISTANCE PROGRAM BENEFITS**

The Program reimburses you for the QAEs you incur in adopting an Eligible Child(ren), once the adoption is legally final. If you reside in a state that requires court approval of adoptions, the Program will not recognize your adoption as final until the date the court issues a final adoption decree or judgment. If you adopt an Eligible Child from another country in an international

adoption, the Program will not recognize your adoption as final until you have met the state law adoption requirements of the state in which you reside.

The following Schedule of Benefits describes the Adoption Benefit Maximum that is payable for the adoption of an Eligible Child and the QAEs for which the Program pays benefits.

The QAEs that the Program pays may be excludable from your taxable income. The tax consequences of reimbursements from the Program are summarized in the *Tax Consequences of Reimbursements from the Program* section.

If you and your Spouse or Domestic Partner are both Eligible Employees under this Program, only one of you may claim reimbursement for the QAEs that either or both of you incur.

<b>SCHEDULE OF BENEFITS</b>
<b>Adoption Benefit Maximum</b> – \$5,000 per Eligible Child (up to two Eligible Children per Eligible Employee)
<b>Qualified Adoption Expenses (“QAEs”)</b> <ul style="list-style-type: none"><li>• Adoption fees;</li><li>• Attorney fees;</li><li>• Court costs;</li><li>• Travel expenses (including meals and lodging) while away from home; and</li><li>• Other reasonable and necessary expenses directly related to, and for the principal purpose of, the legal adoption of an Eligible Child (e.g., uninsured medical expenses for the adopted child and/or birth mother, immigration and naturalization fees, immunization and translation fees).</li></ul>

#### **Adoption Expenses That Are Not Covered**

The adoption-related expenses listed in this section are not covered by the Program, and the Program will not reimburse you for them. This list is not all-inclusive, but identifies the more common expenses that the Program does not cover, such as expenses:

- For which you received funds under any state, local, or federal program;
- That violate state or federal law;
- For carrying out a surrogate parenting arrangement;
- Paid or reimbursed by another employer, any other person or organization, or your employer or an employer-sponsored plan other than through this Program;
- Allowed as a credit or deduction under any other provision of federal income tax law; or
- For an adoption that is not legally final.

## **OTHER INFORMATION**

### **Filing a Claim for Reimbursement**

You must pay any QAEs you incur, and then request reimbursement from the Program. The Program does not pay expenses for you. To receive reimbursement for them, you must file a claim within 90 days after the date your adoption of an Eligible Child is legally final.

If both you and your Spouse or Domestic Partner are Eligible Employees under this Program, only one of you may claim reimbursement for the QAEs that either or both of you incur.

### **How to Obtain a Claim Form**

Visit [www.hertzbenefits.com](http://www.hertzbenefits.com) to access the link to the application for reimbursement form.

### **How to File a Claim**

To receive benefits under the Program, you must submit your claim form within 90 days following the date the adoption is legally final. Complete the application for reimbursement form including the employee certification, by which you certify that the expenses for which you claim reimbursement have not been and will not be reimbursed by any other source, and that you have not taken and will not take a tax credit for the expenses for which you claim reimbursement.

- Upon confirmation of eligibility, you will be requested to provide the following:
  - Your itemized receipts, bills or invoices including the expenses incurred;
  - Evidence that you paid the expenses (*i.e.*, cancelled checks or paid invoices); and
  - Your final adoption decree.
- Your claim will not be paid unless you submit the completed application for reimbursement form, as well as the required documentation, by the applicable deadline.

Allow two-to-four weeks once the application and required documentation have been received for the claims administrator to process your claim. Special circumstances may require an extension of the processing time.

If your claim is approved, payment will be issued as soon as administratively practicable after your claim is approved (typically on the next available pay period). Read the *Tax Consequences of Reimbursements from the Program* section for general information about the tax consequences of, and tax reporting that applies to, reimbursements from the Program.

### **How to Check on the Status of a Claim**

You may check on the status of a claim by calling AskHR at (800) 654-3373 or emailing [askhr@hertz.com](mailto:askhr@hertz.com).

### **If Your Claim Is Denied**

If you are informed that your claim for benefits has been denied, a claim review and appeals process is available to you. You may request a claim review from the Program administrator within 60 days after the date of the claim denial at the following address:

The Hertz Corporation  
Attn: Human Resources  
8501 Williams Road  
Estero, FL 33928

The Program administrator will notify you of its review determination, in writing, within 60 days after receiving your request for review. If special circumstances exist, the 60 day period may be extended to 120 days. If the time for rendering a decision is extended, you will be notified before the end of the initial 60 day period.

If the denial of your claim is upheld by the Program administrator on review, you may appeal that decision to the Chief Human Resource Officer, or his or her delegate. You must file your appeal no later than 60 days after the date of the Program administrator's notification on review at the following address:

The Hertz Corporation  
Attn: Human Resources  
8501 Williams Road  
Estero, FL 33928

You may submit written comments, documents, records and other information relating to your appeal. The Chief Human Resource Officer, or his or her delegate will review your appeal and consider all comments and documents submitted by you relating to your appeal.

The Chief Human Resource Officer, or his or her delegate will notify you of his or her decision within 60 days after receiving the written appeal. If special circumstances exist, the 60 day period may be extended to 120 days. If the time for rendering a decision is extended, you will be notified before the end of the initial 60 day period. If the Chief Human Resource Officer, or his or her delegate denies your appeal, the notice of the decision will include the specific reasons for the denial and reference to the specific plan provisions upon which the denial is based. The decisions of the Chief Human Resource Officer, or his or her delegate are final.

### **Tax Consequences of Reimbursements from the Program**

Code Section 137 currently permits the Program's reimbursement to you for certain adoption-related expenses to be excludable by and nontaxable to you, subject to certain dollar limits on the amounts excludable and on your modified adjusted gross income. Code Section 137 also permits you to take an income tax credit for certain adoption-related expenses; but it does not allow you to receive a nontaxable reimbursement and take a tax credit for the same adoption expense. Both the exclusion and the tax credit are subject to certain dollar limits and an income limit.

The Company or the Participating Employer pays the reimbursements under the Program to you as soon as administratively practicable (typically on the next available pay period), once they are approved. As a general rule, the Company or the Participating Employer assumes that the reimbursements that are paid to you are excludable by and nontaxable to you pursuant to Code Section 137, and does not perform income tax withholding on them. Your employer is, however, required to apply FICA and FUTA withholding on all such nontaxable reimbursements as they are paid to you. At year-end, any reimbursements you've received during the calendar tax year are reported in box 12 of your "Form W-2" and are identified with the letter "T." These reimbursements are not included with your taxable wages in box 1 of your "Form W-2."

You are responsible for determining whether any reimbursements you receive from the Program are taxable or nontaxable to you, and for including taxable reimbursements in your taxable income. If you later determine that a reimbursement the Program makes to you is includable in your income and taxable to you, it is your responsibility to adjust your "Form 1040" to include the taxable portion of the reimbursement in your gross income. You may also need to adjust your income tax withholding ("Form W-4") or make estimated tax payments to avoid potential penalties for underpayment of tax on the taxable portion of a reimbursement.

Neither the Company nor a Participating Employer can provide, nor are they providing tax or legal advice to you. Every situation is unique and may be complicated, and we encourage you to consult your professional tax advisor on how and when to exclude reimbursements from your taxable income and how to coordinate the tax credit with the exclusion. We also encourage you to review Form 8839, "Qualified Adoption Expenses," and the accompanying instructions for more information. They are available on the IRS Web site at [www.irs.gov](http://www.irs.gov).

### **Amendment, Termination and Interpretation of the Program**

The Company reserves the right to amend or terminate the Program at any time, through its delegate. The Chief Human Resource Officer, or his or her delegate, has discretionary authority to interpret and construe the provisions of the Program, to determine eligibility for benefits under the Program, and to resolve any disputes that arise under the Program. Benefits under this Program will be paid only if the Chief Human Resource Officer, or his or her delegate, decides in its sole discretion that the applicant is entitled to them.

### **No employment rights**

The Program shall not confer employment rights upon any person. No person shall be entitled by virtue of the Program to become or to remain in the employ of the Company or a Participating Employer and nothing in the Program shall restrict the right of the Company and the Participating Employers to terminate the employment of any Eligible Employee or other person at any time.

**IN WITNESS WHEREOF**, the Company has caused this Hertz Adoption Assistance Program to be adopted and executed by its duly authorized representative on this \_\_\_\_ day of \_\_\_\_\_, 2018.

**THE HERTZ CORPORATION**

Date: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

**EXHIBIT A**  
**HERTZ ADOPTION ASSISTANCE PROGRAM**

**PARTICIPATING EMPLOYERS**

(Effective July 1, 2018)

This Exhibit A, as amended from time to time, sets forth the affiliates of the Company that participate in the Program:

**Hertz Local Edition**

**Hertz Claim Management Corp.**

**DTG Operations Inc.**

**Donlen Corporation**

**Hertz International**