

Investing in Intellectual Freedom



The Chan-Velasquez family joins a growing number of Hertz donors who support the foundation through annual gifts, fellowship support, and a bequest intention

The concept of freedom is at the core of the Hertz Foundation, embodied in the fellowships that encourage PhD students to take risks and think in daring new directions.

“As a Hertz Fellow, I had total freedom to choose what I wanted to study,” said Sherman Chan, who, with his wife, Irma Velasquez, is a consistent donor to the foundation. With the support of his fellowship, Chan had the freedom to explore various directions in electrical engineering while at MIT, eventually pursuing research on control systems. His thesis, “Small Signal Control of Multiterminal DC/AC Power Systems,” won the Hertz Thesis Prize in 1981.

In 1986, he founded ASPEN Inc., a Silicon Valley company

that develops engineering software for electric utilities, where he is still president today. The work his company does is unrelated to his fellowship-funded research and, for him, that underscores the benefits of freedom in education. “Your education isn’t there to teach you to do something, but to train your way of thinking,” he said.

“Funding intellectual exploration and expression is what makes the Hertz Fellowships special,” Chan said, and it is ultimately why he and Velasquez support the foundation, including through the Chan-Velasquez Fellowship. They join a growing number of Hertz donors who support the foundation in three important ways: annual gifts, major gifts of fellowship support, and a bequest intention through their estate. “We didn’t consciously plan it that way, but —→

one way of giving led to another,” Chan said.

The foundation’s mission and focus have motivated their generosity. “The Hertz Foundation’s philosophy fits into our way of thinking,” Chan said. “Do we educate people to be

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functional people, to do things, or do we set them up to think for themselves?”

As immigrants—Chan came from China at age 13 and Velasquez from El Salvador at age 9—both grew up with challenges, including financial and language barriers. “Even though we’re very different, from opposite sides of the world, our experiences were very similar,” Velasquez said. “We struggled in very similar ways with language, with being part

of a community, with being understood. We’re both also family-oriented.”

Today, they focus on creating opportunities for others through their support of the foundation and through social entrepreneurship. After their son, Aaron, was diagnosed with autism, Velasquez founded a school for autistic children, Wings Learning Center, in 2001. Currently, Chan and Velasquez are working on creating an assisted living community where Aaron, who is now 25, can continue to live safely and comfortably when they’re gone.

Supporting their son is their top priority, Velasquez said. After that, they intend to donate all of their assets to the Hertz Foundation and other charitable organizations, a decision shaped by their immigrant experiences.

“We’re very grateful for the opportunities we’ve had here,” Velasquez said. “There’s an appreciation that comes from going back to our original countries and seeing how people grew up and how life developed for them. There is a difference. There’s a freedom in this country that we sometimes take for granted.”



Meet Jakob Grzesik

Recipient of the Chan-Velasquez Fellowship

A PhD student in electrical engineering/applied physics at Stanford University, Grzesik aims to apply his growing expertise in optical properties of nanoscale materials to develop novel photonic technologies for applications in quantum computation, communication, and energy. “Science enables us to share the wonderful surprises in our world,” he said. “I hope to broaden others’ perspectives and become part of a community that finds joy in what we can find through science.”

Creative Estate Planning Can Benefit You and the Hertz Foundation

When Fannie and John Hertz established the Hertz Foundation through their bequest, they understood that their initial investment would make an outsized impact for years to come. Today we celebrate their philanthropic vision through **The Order of Magnitude**, a special group whose planned gifts will advance that vision exponentially for decades to come.

There are many creative ways to support the Hertz Foundation that cost you nothing right now. Whether you are interested in a simple gift through your retirement or life insurance plan, a traditional bequest through your will or trust, or perhaps a gift that minimizes your tax liability, like a charitable trust, there are many ways to make a legacy gift.

Bequests: A Gift through Your Will

After providing for loved ones, you can direct that a portion of your estate be devoted to charitable interests. There is no limit to the amount of charitable gifts that are deductible for gift and estate tax purposes. You can leave a specific dollar amount or specific property, a percentage of your estate, or what's left of your estate after other bequests and taxes are satisfied. Estate planning documents should be prepared in consultation with your attorney and with the foundation.



Sample bequest language:

I hereby give to the Fannie and John Hertz Foundation the following described property: _____, to be used to advance the foundation's mission.

Charitable Remainder Trust (CRT)

A charitable remainder trust is a tax exempt trust that can pay income for life to you or a family member, with the remainder going to the Hertz Foundation. Since a CRT is tax-exempt, it is most often used by donors wishing to donate a highly appreciated asset. A CRT can sell the asset free of capital gains tax, allowing you to earn income from the full sales proceeds. In addition, funding the CRT will generate an income tax deduction for the present value of the gift to the foundation.

There are two types of CRTs:

- Annuity trust: Pays a fixed dollar amount determined on the first day of the trust.
- Unitrust: Pays the income beneficiary a fixed percentage of the trust's value as determined each year.

Life Insurance

Directors of a company often are offered a life insurance policy as a component of their compensation, and charitable organizations are made the beneficiary. Charitable gifts of life insurance can enable a donor to substantially increase the potential amount of his or her gift while enjoying attractive tax advantages.

TO LEARN MORE about planned giving and joining The Order of Magnitude, please contact Jayne Putnam Iafrate at 925-583-2411 or jiafrate@hertzfoundation.org.



Maximize Your Retirement Plan Assets

If you can make other provisions for your family, there is a better option for your retirement plan assets—a charitable gift after your lifetime. When given to your family, a portion of your retirement plan assets will be consumed by taxes. Instead, leave assets that are less heavily taxed (such as real estate, cash, or life insurance) to your family, and consider using your retirement plan assets to make gifts to tax-exempt charitable institutions, such as the Hertz Foundation.

To name the foundation as the beneficiary of your retirement account, simply instruct the retirement plan administrator of your decision and sign the required designation form. There are many benefits to donating retirement plan assets.

- You will make the most cost-effective gift you can make and save other, less-taxed assets for loved ones.
- You can change your mind at any time.
- You eliminate all federal income taxes when you name the foundation as the sole beneficiary. (Or you receive partial savings when you designate a specific amount or percentage to the foundation before giving your loved ones the remainder.)
- You may enjoy greater flexibility by naming the Hertz Foundation the contingent beneficiary.

For Those 70.5 or Older

The Setting Every Community Up for Retirement Enhancement (SECURE) Act was enacted January 1, 2020, and with it came the most significant changes to retirement plans since 2006. Although there are some changes (like the minimum age for required minimum distributions), there are also rules that stayed the same. For instance, if you are 70.5 or older, you can still use your IRA to make a tax-free gift to the Hertz Foundation. This law allows you to transfer any amount up to \$100,000 per year directly to a qualified charitable organization without paying income tax on the distribution. Best yet, your gift will be put to use today, allowing you to see the impact you are making on young fellows' lives.

- You pay no income taxes on the gift. The transfer does not generate taxable income or a tax deduction, so you benefit even if you do not itemize your tax deductions. (Because tax has not been paid on this money, no charitable deduction is allowed for this gift.)
- Your gift can satisfy your required minimum distribution for the year if you are 72 or older.

For additional details, please speak to your advisor or visit our website at HertzFoundation.org/give.