Vendor: American College

Exam Code:HS330

Exam Name: Fundamentals of Estate Planning test

Version: Demo

QUESTION 1

A man recently died with only probate assets. Under the terms of his will, he left his entire probate estate outright to his wife. The following are relevant facts about the estate:

-Gross estate $1,700,000

-Estate administration expenses 30,000

-Debts of decedent 65,000

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Allowable funeral expenses 5,000

A.

$1,635,000

B.

$1,695,000

C.

$1,665,000

D.

$1,600,000

Correct Answer: D

QUESTION 2

All the following statements concerning a complex trust are correct EXCEPT:

A. Beneficiaries must receive all distributable net income in the year received by the trust.

B. The trustee may make distributions of principal to trust beneficiaries.

C. A complex trust may make gifts to charity.

D. Beneficiaries are taxed on their share of distributable net income when received by them.

Correct Answer: A

QUESTION 3

A wife makes outright gifts of $76,000 to her son this year, and her husband agrees to split the gifts with her. Which of the following correctly states the amount of the taxable gifts?

A. Wife $27,000, husband $27,000

B. Wife $37,000, husband $37,000

C. Wife $17,000, husband $37,000

D. Wife $54,000, husband 0

Correct Answer: A

QUESTION 4

Which of the following statements concerning charitable remainder unitrusts is correct?

A. A fixed percentage of not less than 10 percent of the net fair market value of the trust assets is paid to the noncharitable beneficiaries.

B. The remainder interest is paid to the qualified charity after a term of years not greater than 15 years.

C. The net fair market value of the trust assets are revalued annually.

D. No further contributions may be made to a unitrust after the initial payment.

Correct Answer: C

QUESTION 5

All the following statements concerning guardians for minors are correct EXCEPT:

A. A guardian has equitable title to the property he administers for the minor.

B. A guardian named in a deceased parent\\'s will is not necessarily binding on the court.

C. A guardian of the person of a minor may not necessarily be the guardian of the minor\\'s property.

D. A special guardian can be appointed by the court to protect a minor\\'s rights in a legal proceeding.

Correct Answer: A

QUESTION 6

Which of the following statements concerning the gift or estate tax charitable deduction is (are) correct?

1.

A donor is denied a charitable deduction for property that passes to a qualified charity as the result of a qualified disclaimer if the donor original transfer was to a noncharitable donee.

2.

A decedent-spouse estate may obtain both marital and charitable deductions for interests contributed to a charitable

remainder trust when the surviving spouse is the only noncharitable income beneficiary for life.

A. Both 1 and 2

B. 1 only

C. 2 only

D. Neither 1 nor 2

Correct Answer: C

QUESTION 7

Which of the following statements concerning the estate tax marital deduction is correct?

A. The marital deduction available to a decedent in a community-property state is equal to the total amount of community property.

B. The marital deduction available to a decedent in a common-law state is equal to the net amount of qualifying property passing to the surviving spouse.

C. The marital deduction available to a decedent in a common-law state is limited to a maximum of $1 million.

D. The marital deduction available to a decedent in a common-law state is equal to one half the adjusted gross estate.

Correct Answer: B

QUESTION 8

All the following statements concerning the ownership of real property as joint tenants with right of survivorship are correct EXCEPT:

A. If three sisters inherited property as joint tenants with right of survivorship, the entire value of the property will be in the estate of the first sister to die.

B. If the joint tenants are husband and wife, because this is a qualified joint interest, one half the value of the property will be in the estate of the first spouse to die regardless of which spouse contributed to the purchase price.

C. If the joint tenants are two brothers and each contributed one half the property\\'s purchase price, only one half the property\\'s value will be in the estate of the first brother to die if his executor proves that the other brother contributed half of the purchase price.

D. If the joint tenants are brother and sister, no portion of the value of the property will be in the sister\\'s estate if she dies first provided her executor proves that the brother contributed all the funds.

Correct Answer: A

QUESTION 9

Which of the following statements concerning the taxation of estates and trusts is correct?

A. They are taxed on distributable net income that is retained.

B. They are taxed as if they were partnerships.

C. They are entitled to the standard deduction in determining tax.

D. They are taxed as if they were corporations.

Correct Answer: A

QUESTION 10

Which of the following statements concerning marital transfers to a non-U.S. citizen spouse is (are) correct?

1.

A marital deduction is automatically available as long as property is transferred outright to the non-citizen spouse.

2.

A marital deduction is automatically available if the transferor-decedent spouse is a U. S. citizen.

A. 1 only

B. Neither 1 nor 2

C. 2 only

D. Both 1 and 2

Correct Answer: B

QUESTION 11

A man is planning to establish and fund an irrevocable trust for the benefit of his two sons, ages 19 and 22, and plans to give the trustee power to sprinkle trust income. From the standpoint of providing federal income, gift, and estate tax savings, which of the following would be a suitable trustee?

1.

The grantor of the trust

2.

The grantor\\'s 22-year-old son

A. 2 only

B. Neither 1 nor 2

C. 1 only

D. Both 1 and 2

Correct Answer: B

QUESTION 12

Which of the following statements concerning the methods of valuing a closely held business for federal estate tax purposes is (are) correct?

1.

The capitalization-of-adjusted-earnings method uses a capitalization rate that varies inversely with the degree of risk and rate of return.

2.

The adjusted-book value method involves adjusting the asset components of a business to an approximate fair market value for each component.

A. 1 only

B. 2 only

C. Both 1 and 2

D. Neither 1 nor 2

Correct Answer: C