

Exam Number/Code:HS330

Exam Name: The American College HS
330 Fundamentals of Estate Planning Test

Version: Demo

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QUESTION NO: 1

Many trust instruments provide for the removal of the original trustee. Valid reasons for removing the original trustee include which of the following?

1. A shift in trust situs is desirable because of changes in law.
2. The beneficiary has moved his or her residence to a distant state.

- A. Neither 1 nor 2
- B. 1 only
- C. Both 1 and 2
- D. 2 only

Answer: C

QUESTION NO: 2

In which of the following situations will the grantor be taxed on income from trust property.

1. The grantor of a trust gives one of the trust beneficiaries the right to add or delete beneficiaries.
2. An adverse party to the grantor holds the power to determine the timing of trust distributions to the beneficiaries.

- A. 1 only
- B. Both 1 and 2
- C. 2 only
- D. Neither 1 nor 2

Answer: D

QUESTION NO: 3

The following are facts concerning a decedent's estate:

- * Taxable estate \$1,800,000
- * Pre-1977 taxable gifts 100,000
- * Post-1976 adjusted taxable gifts 150,000
- * Post-1976 gifts made to a qualified charity 200,000

The tentative tax base of this estate is

- A. \$1,800,000
- B. \$1,950,000
- C. \$1,650,000
- D. \$2,150,000

Answer: B

QUESTION NO: 4

Items that are deductions from a decedent's gross estate in determining his adjusted gross estate include which of the following?

1. Foreign death taxes
2. State death taxes

- A. Neither 1 nor 2
- B. Both 1 and 2
- C. 1 only
- D. 2 only

Answer: A

QUESTION NO: 5

All the following trust provisions avoid causing the inclusion of an irrevocable life insurance trust in an insured's gross estate EXCEPT

- A. a trustee's power to pay estate expenses
- B. a trust beneficiary's power to withdraw contributions to the trust
- C. a trustee's power to loan assets to the estate at the trustee's discretion
- D. a trustee's power to purchase assets from the estate at the trustee's discretion

Answer: A

QUESTION NO: 6

Which of the following terms applies to the blending together of separate and community properties of spouses in community-property states?

- A. Inception
- B. Transmutation
- C. Commingling
- D. Proration

Answer: C

QUESTION NO: 7

All the following statements concerning wills are correct EXCEPT:

- A. Once a person is named as an executor in a will, he or she is required to serve.
- B. A codicil is a valid modification of a will.
- C. A testator may lose the capacity to revoke a will prior to death.
- D. In most states a surviving spouse can elect against a will that completely disinherits him or her.

Answer: A

QUESTION NO: 8

If a grantor establishes an irrevocable trust, the income of the trust will be taxed to the grantor if it is used to pay premiums for life insurance on the life of

- A. a child of the grantor
- B. the father of the grantor
- C. the spouse of the grantor
- D. a grandchild of the grantor

Answer: C

QUESTION NO: 9

Which of the following statements concerning ownership of property in the form of a joint tenancy with right of survivorship is correct?

- A. Qualified joint tenancies cannot be severed without mutual consent.
- B. Upon the death of a joint tenant, the surviving joint tenant receives the decedent's interest by operation of law.
- C. Nonqualified joint tenants may have unequal interests in the property.
- D. This form of ownership is limited to real property.

Answer: B

QUESTION NO: 10

Which of the following statements concerning executors is correct?

- A. An executor can be given broad and discretionary powers with respect to the management of the estate.
- B. All executors must post bonds.
- C. The executor must be a licensed attorney in the decedent's state of domicile.
- D. The executor named in the will of a deceased person is automatically authorized to act.

Answer: A