100% Money Back Guarantee

**Vendor:**American College

**Exam Code:**HS330

**Exam Name:**Fundamentals of Estate Planning test

**Version:**Demo

**QUESTION 1**

All the following statements concerning the gift and estate tax chartiable deduction are correct EXCEPT:

A. An estate tax charitable deduction is allowed for the full value of property transferred to a qualified charity but only if the property is included in the donor gross estate.

B. 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.

C. It is possible for a charitable contribution made during the donor lifetime to generate both income and transfer tax deductions for the donor.

D. If the donor retains an interest in property contributed to a qualified charity during lifetime, the value of the property may be included in the donor gross estate.

Correct Answer: B

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**QUESTION 2**

All the following are steps in calculating a decedent\\'s maximum estate tax marital deduction EXCEPT:

A. Subtract the allowable expenses and debts to determine the adjusted gross estate.

B. Subtract the applicable exclusion amount available in the year of the decedent\\'s death.

C. Compute the decedent\\'s gross estate.

D. Determine the net amount of property in the gross estate that passes to the surviving spouse in a manner qualifying for the marital deduction.

Correct Answer: B

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**QUESTION 3**

When the owner of a closely held business dies, the payment of a portion of the federal estate tax may be deferred for a period of several years if the estate otherwise qualifies under the provisions of IRC Section 6166. Which of the following statements concerning this deferral of federal estate tax is correct?

A. The interest rate on the deferred tax is determined by the prime rate in effect on the date of death.

B. The interest on the unpaid estate tax is payable over the first 10 years, after which the tax plus interest on the balance is payable in equal installments for the last 5 years.

C. Under certain circumstances, the estate will forfeit its right to tax deferral, and all the remaining unpaid estate tax will become due and payable immediately.

D. To qualify for the tax deferral, the closely held business must represent more than 50 percent of the value of the decedent\\'s adjusted gross estate.

Correct Answer: C

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**QUESTION 4**

Which of the following acts by a person other than a lawyer is clearly an unauthorized practice of law?

A. A sister drafts a will for her brother using printed forms.

B. A CLU explains to a client how a life insurance policy may solve estate liquidity needs.

C. A CPA designs an estate plan for presentation to a client.

D. A trust officer gives a client advice about the taxation of a trust.

Correct Answer: A

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**QUESTION 5**

Generally the courts will accept as the federal estate tax value of a closely held corporate business the price established by a buy-sell agreement if all the following conditions are met EXCEPT:

A. The agreement requires a deceased shareholder\\'s executor to sell the stock at the price specified in the agreement.

B. The agreement as to per-share value is fair, adequate, and made at arm\\'s length.

C. The agreement requires the payment of liquidated damages to the survivors if the executor fails to carry out its terms.

D. The agreement requires a shareholder to first offer his stock to the corporation or other shareholders at the specified price if he wishes to sell it during his lifetime.

Correct Answer: C

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**QUESTION 6**

The following are facts concerning a decedent\\'s estate:

-Taxable estate $1,800,000

-Pre-1977 taxable gifts 100,000

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Post-1976 adjusted taxable gifts 150,000

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Post-1976 gifts made to a qualified charity 200,000

A.

$2,150,000

B.

$1,650,000

C.

$1,800,000

D.

$1,950,000

Correct Answer: D

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**QUESTION 7**

A man died in February of this year. Last year, when he learned that he had a terminal illness, he immediately made the following gifts and filed the required gift tax return: Fair Market Value Gift of listed stock to a

-qualified charity $100,000

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Gift of listed bonds to his wife 200,000

-

Gift of a boat to his son 10,000

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Gift of a sports car to his daughter 10,000

A.

$320,000

B.

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C.

$280,000

D.

$ 90,000

Correct Answer: B

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**QUESTION 8**

A married man has two adult sons. His entire estate is in excess of $1,500,000 and consists entirely of probate assets. He wants to make certain that if he predeceases his wife she will receive all estate income as long as she lives, and the assets remaining at her death will pass equally to their two sons. He wants to pass all assets to this wife and sons as free of federal estate taxes as possible. To best accomplish these objectives, the man should include which of the following estate plans in his will?

A. Establish a marital deduction trust with a general power of appointment for half his estate and place the remainder in a QTIP trust

B. Establish a QTIP trust for half his estate and bequeath the remainder to his wife

C. Establish a QTIP trust for his entire estate

D. Establish a bypass trust equal to the applicable exclusion amount and place the remainder of his estate in a QTIP trust

Correct Answer: D

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**QUESTION 9**

To qualify the seller of property for installment sale tax treatment, the transaction must meet which of the following conditions?

A. There must be no more than ten installments.

B. All installments must be in equal amounts of principal.

C. At least 30 percent of the purchase price must be paid in the year of sale.

D. The entire purchase price must not be paid in the taxable year of sale.

Correct Answer: D

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**QUESTION 10**

A wife owns a $100,000 life insurance policy on her husband\\'s life. She has named her son the revocable beneficiary. Which of the following statements concerning the life insurance is (are) correct?

1.

At the husband\\'s death, the interpolated terminal reserve of the policy is a gift to the son.

2.

The annual increase in the cash value is a gift to the son.

A. 1 only

B. 2 only

C. Both 1 and 2

D. Neither 1 nor 2

Correct Answer: D

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**QUESTION 11**

A man is planning to establish and fund a 20-year irrevocable trust for the benefit of his two sons, aged 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 the best choice of trustee?

A. A bank or trust company

B. The grantor\\'s 70-year-old father

C. The grantor of the trust

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

Correct Answer: A

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**QUESTION 12**

Which of the following provisions is (are) generally common to all buy-sell agreements?

1.

Provisions for modification of the agreement.

2.

Provisions for lifetime business interest transfer restrictions.

A. Both 1 and 2

B. 1 only

C. 2 only

D. Neither 1 nor 2

Correct Answer: A