HS-330$^{Q\&As}$

Fundamentals of Estate Planning Test

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QUESTION 1

A wife makes outright gifts of $40,000 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 $9,000, husband $9,000

B. Wife 0, husband $18,000

C. Wife $18,000, husband 0

D. Wife $19,000, husband $19,000

Correct Answer: A

QUESTION 2

A person dying without a will loses all the following rights EXCEPT the right to

A. give property to a charity

B. take maximum advantage of the marital deduction

C. name the person to settle the estate

D. have assets pass to heirs

Correct Answer: D

QUESTION 3

Which of the following statements concerning the valuation of intangible personal property in the gross estate of a decedent is correct?

A. When a minority stockholder in a closely held corporation dies, his stock is valued on the basis of the "blockage" rule.

B. Certain U.S. Treasury bonds that are used to pay federal estate taxes at par are valued at their market price on the date of death of the owner.

C. Valuing closely held stock requires the consideration of several factors outlined by IRS rulings.

D. If there were no trades of a listed common stock on the date of the stockholder\\'s death, the stock\\'s value is based on its average daily price for the previous month prior to the shareholder\\'s death.

Correct Answer: C

QUESTION 4

All the following statements concerning property ownership by a married couple residing in a community-property state are correct EXCEPT:

A. Income earned by one spouse becomes community property.

B. Property inherited during the marriage is the separate property of the spouse who inherited it.

C. All property that is not separate property is community property.

D. Community property loses its identity when a community-property couple moves to a common- law state.

Correct Answer: D

QUESTION 5

Believing that his death was imminent, a widower gave his son some real estate two years ago, and filed a timely gift tax return. The widower died on January 1st of this year. Additional facts are: Widower\\'s basis in the real estate $200,000 Value of real estate when gifted 510,000 Value of real estate on date of death 1,000,000 Amount of gift tax paid by widower 159,500

Assuming the widower made no additional gifts to his son, all the following statements concerning this situation are correct EXCEPT:

A. The widower recognized no capital gain for income tax purposes at the time the gift was made.

B. The gift of the real estate is included in the calculation of the widower\\'s federal estate tax as an adjusted taxable gift.

C. The son\\'s income tax basis in the real estate is $1,000,000.

D. The gift tax paid is brought back into the widower\\'s gross estate at $159,500.

Correct Answer: C