



American College ChFC HS330 Practice Questions

Shared by Bullock on 15-10-2026

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Question 1

Question Type: MultipleChoice

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.

Options:

- A- I only
- B- II only
- C- Both I and II
- D- Neither I nor II

Answer:

D

Question 2

Question Type: MultipleChoice

All the following statements concerning revocable trusts are correct EXCEPT:

Options:

- A- Revocable trusts are created and operate before the death of the settlor.
- B- A transfer to a revocable trust changes the income tax picture of the grantor.
- C- A transfer to a revocable trust is treated as an incomplete gift for gift tax purposes.
- D- Property transferred to a revocable trust typically avoids being included in the probate estate of the grantor.

Answer:

B

Question 3

Question Type: MultipleChoice

A father bought stock for \$100,000 and gave it to his son when it was worth \$300,000. The father paid no gift tax on the transfer. When the son sold the property 2 years after the gift, his income tax basis was

Options:

- A- 0
- B- \$100,000
- C- \$200,000
- D- \$300,000

Answer:

B

Question 4

Question Type: MultipleChoice

Which of the following statements concerning property is (are) correct?

- I. A mortgage on real estate is real property.
- II. A tree growing on land is real property.

Options:

- A- I only
- B- II only
- C- Both I and II
- D- Neither I nor II

Answer:

B

Question 5

Question Type: MultipleChoice

A man died in February of this year. Last year, when he learned that he had 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 \$200,000

Gift of listed bonds to his wife 300,000

Gift of a boat to his son 10,000

Gift of a sports car to his daughter 10,000

What amount must be brought back to the man's estate as an adjusted taxable gift in the calculation of his federal estate taxes?

Options:

A- 0

B- \$200,000

C- \$290,000

D- \$520,000

Answer:

A

Question 6

Question Type: MultipleChoice

Mr. Conrad died early this year. Under the terms of his will, he left all his real estate and tangible personal property to his son. All the remainder of his probate estate was left to his wife, Mrs. Conrad. The following is a list of Mr. Conrad's probate assets and their fair market values at the time of his death:

Commercial real estate \$150,000

Furniture and fixtures 50,000

Listed common stock 100,000

Other securities 200,000

In addition, Mr. Conrad also owned a \$300,000 life insurance policy on his life with Mrs. Conrad designated as beneficiary. Based on this information, what is the amount of property in Mr. Conrad's estate qualifying for the federal estate tax marital deduction?

Options:

- A- \$300,000
- B- \$400,000
- C- \$600,000
- D- \$800,000



Answer:

C

Question 7

Question Type: MultipleChoice

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

Options:

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



Answer:

B

Question 8

Question Type: MultipleChoice

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?

- I. The grantor of the trust
- II. The grantor's 22-year-old son

Options:

- A- I only
- B- II only
- C- Both I and II
- D- Neither I nor II



Answer:

D

Question 9

Question Type: MultipleChoice

Limited interests in property include all the following EXCEPT:

Options:

- A- life estates
- B- fee simple estates
- C- remainder interests
- D- reversionary interests



Answer:

B

Question 10

Question Type: MultipleChoice

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

Allowable funeral expenses 5,000

The amount of the allowable marital deduction is

Options:

- A- \$1,600,000
- B- \$1,635,000
- C- \$1,665,000
- D- \$1,695,000

Answer:

A

Question 11

Question Type: MultipleChoice

Which or the following statements concerning charitable guaranteed annuity interests is (are) correct?

1. To qualify for an estate tax charitable deduction, guaranteed annuity interests must be made in trust.
2. These interests refer to the charity right to receive a determinable income amount at least annually for a specific term or life (lives) or one or more non-charitable beneficiaries.

Options:

- A- I only
- B- II only
- C- Both I and II
- D- Neither I nor II

Answer:

B

Question 12

Question Type: MultipleChoice

Which of the following statements concerning guardians is (are) correct?

- I. A guardian is appointed by a court.
- II. A guardian holds equitable title to the property he administers for his or her ward.

Options:

- A- I only
- B- II only
- C- Both I and II
- D- Neither I nor II

Answer:

A

Question 13

Question Type: MultipleChoice

An individual who is a resident of State W is also the sole proprietor of a business located in State W. He owns real property located in State X that is used by the proprietorship. While on vacation in State Y, the individual meets an untimely death. Under the terms of his will, his entire estate is bequeathed to a resident of State Z. Which state will tax the real property used by the proprietorship?

Options:

- A- State W
- B- State X
- C- State Y
- D- State Z

Answer:

B



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