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## Question 1

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**Question Type:** MultipleChoice

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

**Options:**

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- A- name the person to settle the estate
- B- have assets pass to heirs
- C- give properly to a charity
- D- take maximum advantage of the marital deduction

**Answer:**

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B

## Question 2

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**Question Type:** MultipleChoice

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A father wants to accumulate funds for his 12-year-old son's college education. On the advice of his attorney, the father establishes an IRC Section 2503(c) trust and funds it with annual gifts. All the following statements concerning this arrangement are correct EXCEPT:

**Options:**

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- A-** The trust must be irrevocable.
- B-** The father's annual gift tax exclusion must be reduced by any amount used to pay college tuition costs.
- C-** Any accumulated income and all trust principal must be available for distribution to the son when he attains age 21.
- D-** In the event of the son's death prior to age 21, trust assets must either be payable to the son's estate or be subject to a general power of appointment held by the son.

**Answer:**

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D

## Question 3

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**Question Type: MultipleChoice**

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All the following powers held by the grantor of an irrevocable trust will cause the trust assets to be brought back into the estate of the grantor EXCEPT the power to:

**Options:**

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- A- terminate the trust
- B- change the trust remainder persons
- C- add principal to the trust
- D- designate who shall enjoy the trust income

**Answer:**

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C

## Question 4

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**Question Type:** MultipleChoice

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All the following are grounds for contesting a will EXCEPT:

**Options:**

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- A- The instrument is a forgery.
- B- The testator executed a later valid will.
- C- The testator did not have testamentary capacity.
- D- The widow was bequeathed less than her intestate share.

**Answer:**

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D

## Question 5

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**Question Type:** MultipleChoice

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

**Options:**

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- A- The deceased spouse's interest in the property qualifies for the marital deduction since it passes outright to the surviving spouse.
- B- All benefits of ownership remain available to the surviving spouse without interruption during the administration of the deceased spouse's estate.

- C-** Jointly held property between spouses does not pass through the probate estate of the first spouse to die.
- D-** In common-law states the total value of the property receives a stepped-up tax basis in the estate of the first spouse to die.

**Answer:**

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D

## Question 6

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**Question Type: MultipleChoice**

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

**Options:**

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- A-** A guardian named in a deceased parents will is not necessarily binding on the court.
- B-** A guardian has equitable title to the property he administers for the minor.
- C-** A special guardian can be appointed by the court to protect a minor's rights in a legal proceeding.
- D-** A guardian of the person of a minor may not necessarily be the guardian of the minor's property.

**Answer:**

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B

## Question 7

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**Question Type: MultipleChoice**

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Tax benefits of making lifetime gifts in excess of the gift tax annual exclusion include all the following EXCEPT:

**Options:**

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- A-** The gift tax paid on a gift made more than 3 years prior to the death of the donor avoids inclusion the donor's gross estate.
- B-** Appreciation in the value of a gift of real property after the date of the gift increases the donor's federal estate tax liability.
- C-** Income taxes can be saved if a high-income donor gives income-producing property to a lowincome donee.
- D-** Gift taxes are payable at the same tax rate as estate taxes.

**Answer:**

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B

## Question 8

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**Question Type:** MultipleChoice

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All the following will be brought back into the donor's gross estate for federal estate tax purposes EXCEPT:

### Options:

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- A- a gratuitous transfer of real property with a reserved right to use and enjoy it for life
- B- a gratuitous transfer of real property to a revocable inter vivos trust
- C- an outright, gratuitous transfer of real property in contemplation of death
- D- the gift taxes paid last year on a gratuitous transfer of real property

### Answer:

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C

## Question 9

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**Question Type:** MultipleChoice

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All the following statements concerning the generation-skipping transfer tax (GSTT) are correct EXCEPT:

**Options:**

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- A- The tax may be imposed on direct gifts to grandchildren.
- B- The tax may be imposed on gifts in trust to grandchildren.
- C- All donors have a cumulative \$1.5 million exemption against generation-skipping transfers.
- D- The tax is imposed according to a graduated rate schedule similar to the federal estate and gift tax rates.

**Answer:**

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D

## Question 10

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**Question Type: MultipleChoice**

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All the following statements concerning an estate for a term of years are correct EXCEPT:

### Options:

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- A- It is an interest in property established for a specific duration.
- B- The tenant has the right to possess the property during the term of his interest.
- C- The tenant may transfer the property at the end of the term of his interest.
- D- An interest may extend beyond the lifetime of the grantor.

### Answer:

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C

## Question 11

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### Question Type: MultipleChoice

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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. The additional facts are:

Widower's basis in the real estate \$400,000

Value of the real estate when gifted 1,000,000

Value of the real estate on date of death 2,000,000

Amount of gift tax paid by widower 345,800

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

**Options:**

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- A-** The gift of the real estate is included in the calculation of the widower's federal estate tax as an adjusted taxable gift
- B-** The gift tax paid is brought back into the widower's gross estate at \$345,800.
- C-** The widower recognized no gain for income tax purposes at the time the gift was made.
- D-** The son's income tax basis in the real estate is \$2,000,000.

**Answer:**

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D

## Question 12

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**Question Type: MultipleChoice**

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Generally all the following statements concerning life insurance arrangements for partnership buy-sell agreements are correct EXCEPT:

### Options:

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- A- With a cross-purchase agreement each partner purchases life insurance on the life of each of the other partners.
- B- With an entity-purchase agreement the formula used for determining the number of life insurance policies needed is  $N$  (number of partners) + 1.
- C- With a cross-purchase agreement the individual partners are the applicants, owners, beneficiaries and premium-payers of the policies.
- D- With an entity-purchase agreement the partnership strives to maintain face amounts of coverage equal to its obligations under the agreement.

### Answer:

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B

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