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Exam : **HS-330**

Title : **Fundamentals of Estate
Planning Test**

Version : **DEMO**

1. Which of the following is an example of a taxable gift for federal gift tax purposes?

- A. A father gives his 19-year-old daughter a note promising to give her his Rolls Royce when she reaches the age of 21.
- B. Instead of parents paying an outside executive \$60,000, a son runs their business for 8 months without charging a fee.
- C. The parents of a married son permit their son and his family to use a summer cottage that rents for \$3,000 per month on a rent-free basis.
- D. A father cancels a \$50,000 note his daughter gave him when he made a loan to her 2 years ago.

Answer: D

2. The following are facts concerning a decedent's estate:

Taxable estate \$1,700, 000

Pre-1977 taxable gifts 200, 000

Post-1976 adjusted taxable gifts 50, 000

Post-1976 gifts made to a qualified charity 100, 000

The tentative tax base of this estate is

- A. \$1,700,000
- B. \$1,750,000
- C. \$1,850,000
- D. \$1,900,000

Answer: B

3. An executor elects to value the assets of the estate at the alternative valuation date 6 months after death.

Which of the following statements concerning the estate tax value of assets included in this estate is correct?

- A. An annuity included in the gross estate that diminishes with the mere passage of time is includible at the date of death value.
- B. Property sold before the alternate valuation date is valued at the alternate valuation date.
- C. Property that has increased in value since the date of death may be valued at the date of death if the executor so elects.
- D. Property distributed under the will before the alternate valuation date is valued at the date of death.

Answer: A

4. A father and son have been farming land owned by the father for the past 12 years. Just prior to his death, the father was offered \$1,200, 000 for his farm because of its possible use as a shopping center. The son would like to continue to farm the land if it can be included in his father's estate at its current use value.

Additional facts are:

- 1. Average annual gross rentals from nearby farms of similar acreage are \$56,000.
- 2. Average annual state and local real estate taxes on the farm are \$6,000.
- 3. The interest rate for loans from the Federal Land Bank is 8 percent.

For federal estate tax purposes, the farm method valuation formula would result in a current use value

for the farm of

- A. \$500,000
- B. \$600,000
- C. \$700,000
- D. \$820,000

Answer: B

5. Which of the following types of real property ownership will be deemed to be a tenancy in common?

- A. Two brothers own equal amounts of all the common stock in a corporation, the only asset of which is real property.
- B. Two brothers own equal undivided interests in a piece of real property, with each brother being able to divest himself of his interest by sale, gift, or will.
- C. Two brothers are equal partners in a general partnership that owns a piece of real property used in the partnership business.
- D. Two brothers own equal fractional interests in a piece of real property and at the death of one of the brothers the survivor will own the entire piece of property.

Answer: B