

Estate Planning Quiz

The following is a short True/False quiz. Please do not spend a great amount of time on any one question. We will review the issues presented in class.

1. The size of your estate at death will determine how much you will pay in probate fees and estate and gift taxes. T F
2. In California, it is always wise to have a living trust. T F
3. Statutory probate fees are not negotiable. T F
4. For married couples, probably the best method to hold Title to property in California is in joint tenancy with rights of survivorship. T F
5. Reviewing your Living Trust is only necessary when you want to change your disposition of assets. T F
6. About 1% of United States citizens that died in 2009 were subject to estate & gift taxes. T F
7. In order to be fair and equitable, it is considered wise to name your children as co-trustee & co-executors. T F
8. If the concern is “creditors” or an individual taking control of your estate, it is best to have a living trust. T F
9. Advance Health Care Directive must be drafted by an attorney. T F
10. Most people after the age of 65 will need nursing home care T F
11. Annuities are usually good investment for older adults T F
12. When a parent’s residence is transferred to the parent’s child, the child will automatically avoid property tax reassessment under proposition 13. T F

1. False; the issue to consider is title which determines if the asset is going through probate or your probateable estate; net worth is your taxable estate.
2. False; nothing is ever “always” and there are times when having a living trust is not the best way to hold title to assets.
3. False; statutory fees are the maximum an attorney and executor can charge.
4. False; Community Property with Right of Survivorship – allows for a full step up in basis on the first death
5. False; living trust is a statutory animal and must respect the formalities, valid when executed; no longer own the asset as an individual but control the asset as a trustee.
6. False; the number was less than one quarter of 1%. The tax impacts very few people and people need to know their net worth.
7. False; although it can work being a trustee is mundane and co-trustees would have to do everything together.
8. False; living trusts are very private and most elder financial abuse are committed by children. Probate has the shortest statute of limitations period for creditors and when a case is declared closed almost next to impossible to collect a debt from a decedent’s estate. If you owe a lot of money at death or have a highly dysfunctional family you may be better off going through probate.
9. False; my follow-up question; please raise your hand if you have spent more than 10 minutes discussing your death or care desired if you can’t make your own decisions.
10. True; the statement should read “for three months or less.” We do not stay in hospitals very long and people need to understand “skilled” versus “custodial” care.
11. False; no liquidity and earnings always come out as ordinary income. Most are highly commissioned products.
12. False; everything is true except it does not happen automatically