CFP Guide to Gift and Estate Tax
Exam Study Guide

This document contains the questions that will be on the exam. When you have studied the course materials, reviewed the questions in this document, and feel that you are ready to take the exam, return to the login page to take the online exam.

A Center for Continuing Education
1465 Northside Drive, Suite 213
Atlanta, Georgia 30318
(404) 355-1921 – (800) 344-1921
Fax: (404) 355-1292
1. The federal tax imposed on lifetime transfers is called:
   A. Estate tax
   B. Gift tax
   C. Unified transfer tax
   D. Bequeath Tax

2. Jim makes a transfer of property to Sally. If the federal gift tax applies, the property must have been transferred:
   A. For the fair market value of the property
   B. For the property’s market rate, plus interest
   C. For less than the full amount of the property’s worth
   D. For less than the property’s “donated” figure

3. The federal tax imposed on transfers at death is called:
   A. Estate tax
   B. Gift tax
   C. Unified transfer tax
   D. Bequeath Tax

4. A transfer subject to estate taxes usually takes place through:
   A. A will
   B. A trust
   C. A term life insurance policy
   D. An inter-vivos contract

5. The federal estate tax generally applies to the transfer of _____ asset(s) that is(are) owned or controlled by an individual at his or her time of death.
   A. a fraction of the
   B. approximately half of
   C. a majority of the
   D. every

6. Taxable gifts made during life are added to the taxable transfers made upon death and are then subject to a(n):
   A. “Completed transfer tax”
   B. “Fundamental transfer tax”
   C. “Integrated transfer tax”
   D. “Unified transfer tax”
7. Evidence of estate taxes as a concept is first found in:
   A. Ancient Egypt
   B. Ancient Rome
   C. Medieval England
   D. Colonial America

8. The imposition of the first estate taxes in the United States as required by the Death Stamp Tax was in:
   A. 1797, to raise revenues to pay off naval debts incurred in the face of a tense relationship with the French
   B. In 1862, to raise revenues for the Northern army during the Civil War
   C. In 1917, to raise revenues for American troops during World War I
   D. In 1952, to raise revenues for supplies sent to South Korea during the Cold War

9. The development of the modern federal gift and estate tax system effectively began with which of the following acts?
   A. The Inheritance Tax Act of 1862
   B. The Revenue Act of 1870
   C. The Federal Estate Tax of 1916
   D. The Revenue Act of 1924

10. The Federal Estate Tax of 1916 was meant to raise revenue and:
    A. Preclude an inordinate wealth concentration through heirs’ inheritance of property upon an individual’s death
    B. Stop estate tax avoidance through “inter-vivos” transfers
    C. To fix an inequality in the way that residents of community property states and common-law states were required to pay estate taxes
    D. Replace the death tax system inherited from English common law

11. The Federal Estate Tax of 1916 shared which of the following features with current federal estate tax?
    A. Estate tax was measured by the value of a decedent’s property at the time it was purchased
    B. When property was passed to a grandchild, it was required to be taxed as if it passed through the first level beneficiary’s estate
    C. The property owned jointly by a decedent and another individual was not included in the decedent’s gross estate
    D. The value of a decedent’s estate was increased by lifetime transfers for tax purposes
12. Through which of the following acts did Congress enact a federal gift tax that had the same rate schedule as the federal estate tax?
   
   A. The Federal Estate Tax of 1916  
   B. The Revenue Act of 1924  
   C. The Revenue Act of 1948  
   D. The Tax Reform Act of 1976

13. From 1932 to 1976, the federal gift tax rates were set at _____ of the estate tax rates.
   
   A. One-quarter  
   B. One-half  
   C. Two-thirds  
   D. Three-quarters

14. Prior to the Revenue Act of 1942, in states that passed community property laws, the estate would usually include:
   
   A. None of a couple’s community property  
   B. One-quarter of a couple’s community property  
   C. One-half of a couple’s community property  
   D. All of a couple’s community property

15. The Revenue Act of 1948 created estate and gift tax _______ deductions.
   
   A. Marital  
   B. Charitable  
   C. Prior transfer  
   D. Foreign death

16. Maybelle and John were a married couple living when the Revenue Act of 1948 was passed. Under this act, a new split gift rule would allow Maybelle, as a non-donor spouse, to choose to be treated as if she had made a gift of _____ of the gift given by John, as a donor spouse.
   
   A. One-quarter of the total amount  
   B. One-half of the total amount  
   C. Three-quarters of the total amount  
   D. The total amount

17. Which of the following acts bought about the unification of the gift and estate tax structure?
   
   A. The Revenue Act of 1948  
   B. The Tax Reform Act of 1976  
   D. The Taxpayer Relief Act of 1997
18. The Tax Reform Act of 1976 affected the marital deduction in which of the following ways?

A. Estate tax marital deduction increased, gift tax marital deduction increased
B. Estate tax marital deduction increased, gift tax marital deduction decreased
C. Estate tax marital deduction decreased, gift tax marital deduction increased
D. Estate tax marital deduction decreased, gift tax marital deduction decreased

19. Ben is a property donor. He gifts the right to use and benefit from his property to his daughter, Lisa. When Lisa passes the property on to her son, Jim, he becomes the owner of the property that originally belonged to Ben. Before the Tax Reform Act of 1976, such a transfer:

A. Would avoid estate taxes by not charging taxes to Ben
B. Would avoid estate taxes by not charging taxes to Lisa
C. Would avoid estate taxes by not charging taxes to Ben or Lisa
D. Would be subject to a generation-skipping transfer tax

20. The greatest change brought about by the Economic Recovery Act of 1981 was:

A. The creation of a gift tax for inter-vivos transfers
B. The unification of the gift and estate tax structure
C. The repeal of the estate tax
D. The creation of an unlimited marital deduction


A. created
B. significantly decreased
C. significantly increased
D. repealed

22. The Tax Reform Act of 1986 increased the estate tax for those decedents who:

A. Had "excess accumulations" in a retirement plan
B. Earned more than $2,000,000 annually
C. Owned more than two life insurance policies
D. Had made no prior transfers during life
23. Under the Tax Reform Act of 1986, a tax was created that taxed unearned income over $1200 of children ages ______.

   A. 7 and under
   B. 10 and under
   C. 13 and under
   D. 18 and under

24. The “kiddie-tax” as created by the Tax Reform Act of 1986 taxed children’s unearned income used which of the following income tax rates?

   A. 25%
   B. 35%
   C. 50%
   D. The top marginal income tax rate of the children’s parents

25. The Taxpayer Relief Act of 1997 affected the annual exclusion amount and the generation skipping transfer tax by:

   A. Making them subject to adjustment for inflation
   B. Increasing them
   C. Decreasing them
   D. Scheduling them to sunset in 2009

26. The Tax Increase Prevention and Reconciliation Act of 2005 changed the “kiddie-tax” in which of the following ways?

   A. Increased the applicable age from 14 to 18
   B. Decreased unearned income cap from $1200 to $1000
   C. Increased the income tax rate applicable to the tax
   D. Repealed the tax

27. EGTRRA gave _____ American taxpayer(s) some form of tax savings.

   A. nearly every
   B. approximately half of all
   C. approximately a quarter of all
   D. very few

28. EGTRRA added a tax bracket of 10% that replaced one portion of the prior 15% bracket. All tax brackets were then:

   A. Eliminated
   B. Increased on a phased-in basis
   C. Reduced on a phased-in basis
   D. Combined into one tax bracket
29. Under EGTRRA, allowable contributions to nearly all kinds of retirement plans were:
   A. Eliminated
   B. Increased
   C. Reduced
   D. Taxed at a higher marginal rate

30. With the passage of EGTRRA, the “applicable exclusion amount” was:
   A. Created
   B. Repealed for one year, then reinstated
   C. Used to refer to transfers at death, and not lifetime gifts
   D. Used to refer to both transfers at death and lifetime gifts

31. Under TRA 2010, the top marginal estate tax rate in 2011 and 2012 was?
   A. 25%
   B. 35%
   C. 55%
   D. repealed

32. Under EGTRRA, the lifetime gift exemption was repealed in which of the following years?
   A. 2008
   B. 2010
   C. 2012
   D. The applicable exclusion amount is not repealed

33. Under EGTRRA, for gift tax purposes, the unified credit of $345,800 exempts _______ from gift tax.
   A. $1,000,000
   B. $1,500,000
   C. $2,000,000
   D. $3,500,000

34. Under EGTRRA, for gift tax purposes, the lifetime gift exemption amount ______ from 2002 to 2009.
   A. Decreased significantly
   B. Increased significantly
   C. Increased slightly
   D. Remained level
35. Ellen passes away in 2013. In that year, her taxable estate is worth $2,000,000. The estate produces $780,000 of federal estate taxes. Assuming that Ellen has not made any gifts during her lifetime, the amount of federal estate taxes her estate pays is:

A. $0  
B. $345,000  
C. $555,800  
D. $780,800

36. Under TRA 2010, the generation-skipping transfer tax was repealed in which of the following years?

A. 2008  
B. The applicable exclusion amount for GSTT is not repealed  
C. 2012  
D. 2011

37. What is the information that belongs in the shaded box in the estate tax rate table below?

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<thead>
<tr>
<th>Year</th>
<th>Top Marginal Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>50%</td>
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<tr>
<td>2003</td>
<td>49%</td>
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<td>2004</td>
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<td>2010</td>
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<td>2011</td>
<td>35%</td>
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<tr>
<td>2012</td>
<td>35%</td>
</tr>
<tr>
<td>2013</td>
<td>40%</td>
</tr>
</tbody>
</table>

A. 45%  
B. 44%  
C. 35%  
D. 0% or 35% at the option of certain estates
38. What is the information that belongs in the shaded box in the gift tax rate table below?

<table>
<thead>
<tr>
<th>Year</th>
<th>Top Marginal Tax Rate</th>
</tr>
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<tbody>
<tr>
<td>2002</td>
<td>50%</td>
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<td>2003</td>
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<td>35%</td>
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<td>2012</td>
<td>35%</td>
</tr>
<tr>
<td>2013</td>
<td>40%</td>
</tr>
</tbody>
</table>

A. 45%
B. 44%
C. 35%
D. N/A due to repeal

39. In 2012, the top marginal tax rate for estate taxes was:

A. unknown, based on Congressional action or inaction
B. 45%
C. 55%
D. 35%

40. In 2011, the unified exemption amount as applied to estate taxes was:

A. $5,000,000
B. $1,000,000
C. $3,500,000
D. N/A due to repeal

41. In 2013, the applicable exclusion amount for estate taxes is:

A. $5,250,000
B. $1,000,000
C. $2,000,000
D. $5,120,000
42. Prior to the enactment of TRA 2010, the provisions of EGTRRA were scheduled to _________ on January 1, 2011.

A. be reinstated
B. be rewritten by Congress
C. sunset
D. obtain Presidential approval

43. What is the primary reason a gift is made?

A. To reduce income taxes
B. To reduce estate taxes
C. To see the donee enjoy the gift
D. There are as many reasons for gifting as there are types of gifts given

44. Making a gift may reduce:

A. Gift taxes only
B. Estate taxes only
C. Income taxes only
D. Gift, estate and income taxes

45. James gives Carolyn a “qualified disclaimer.” Which of the following statements is true?

A. James has refused to accept a gift from Carolyn
B. Carolyn has refused to accept a gift from James
C. James provides compensation to Carolyn in exchange for a gift
D. Carolyn provides compensation to James in exchange for a gift

46. A qualified disclaimer is required to be all of the following, except:

A. In writing
B. Irrevocable
C. Given by a lawyer
D. Unqualified

47. A qualified disclaimer is delivered to Sam. Which of the following is true of Sam’s age?

A. Sam could be no younger than 13 years old
B. Sam could be no younger than 18 years old
C. Sam could be no younger than 21 years old
D. Sam could be no younger than 24 years old
48. Melinda refuses to accept a gift. If she gets to decide who receives the gift that she has refused, then which of the following is true?

A. She has made a valid qualified disclaimer  
B. She has made a “transferable” valid qualified disclaimer  
C. She has made a valid qualified disclaimer only if she is also 18 years old  
D. She has not made a valid qualified disclaimer

49. Brenda refuses to accept a gift of stock her brother gives her. If she only received interest from that stock for 2 months, and keeps the interest, then which of the following is true?

A. She has made a valid qualified disclaimer  
B. She has made a “fundamental” valid qualified disclaimer  
C. She has made a valid qualified disclaimer only if she is also 18 years old  
D. She has not made a valid qualified disclaimer

50. Edward is 26 years old. A qualified disclaimer is delivered to his legal representative in connection with a transfer he made. If the transfer was made on January 1, when was the qualified disclaimer delivered?

A. No later than February 1  
B. No later than July 1  
C. No later than November 1  
D. No later than January 1 of the next year

51. In order to be valid, a qualified disclaimer may be delivered to any of the following individuals, except:

A. The donor  
B. The donee  
C. The person holding legal title to the property involved  
D. The person in possession of the property

52. Ben makes a gift of the powers to appoint specific property to himself, his creditors, his estate, or the creditors of his estate. Ben has made a gift of:

A. General powers of appointment  
B. Exclusive powers of appointment  
C. Foundational powers of appointment  
D. Definite powers of appointment
53. All of the following are considered to be transfers that are gifts, except:
   A. A transfer made to a political organization for that organization’s use
   B. Certain property settlements in a divorce case
   C. Interest-free or reduced-interest loans
   D. An amount of an annuity given up in exchange for the creation of a survivor annuity

54. The educational exclusion for gift taxation applies to payments made by a donor on behalf of a donee for:
   A. Tuition, only
   B. Tuition and books, only
   C. Tuition and room and board, only
   D. Tuition, books, and room and board

55. Francis receives the educational exclusion for gift taxation for payments she makes on behalf of her son, Fred. Fred could be enrolled in:
   A. A qualifying school located in Francis’s state of residency, only
   B. A qualifying school located in the contiguous U.S., only
   C. A qualifying school located in the contiguous U.S. and any of its territories
   D. A qualifying school located in the U.S. or any foreign country

56. In order to qualify as a “qualifying educational organization” under the IRS definition, that organization must have “_______ pupils or students in attendance at the place where its education activities are regularly carried on.”
   A. at least 5
   B. at least 10
   C. at least 16
   D. a regularly enrolled body of

57. The medical exclusion for gift taxation applies to amounts paid by a donor on behalf of a donee, except for amounts paid for:
   A. Medical insurance
   B. Transportation primarily for and essential to medical care
   C. Medical expenses later reimbursed by the donee’s insurance company
   D. Prevention of disease

58. Gifts that receive a charitable deduction usually receive a deduction for:
   A. One-quarter of the amount of the gift
   B. One-half of the amount of the gift
   C. Three-quarters of the amount of the gift
   D. The full amount of the gift
59. Gifts qualifying for the charitable deduction include transfers made to or for the use of the United States, a state or political subdivision of a state or the District of Columbia, only:
   A. For religious, charitable, scientific, literary or education purposes
   B. For exclusively public purposes
   C. To prevent cruelty to children or animals
   D. To foster a national or international sports competition

60. Gifts qualifying for the charitable deduction include transfers made to or for the use of a fraternal society, order, or association operation under a lodge system, if the transferred property is used only:
   A. For religious, charitable, scientific, literary or education purposes
   B. For exclusively public purposes
   C. To prevent cruelty to children or animals
   D. To foster a national or international sports competition

61. An individual makes a gift to a war veteran’s organization. The gift qualifies for the charitable deduction if the organization:
   A. Was organized in response to any war the U.S. was involved in
   B. Was organized to pay for medical support of war veterans
   C. Was organized in the United States
   D. Was organized prior to 1994

62. Rick gives Emily a gift. Generally, in order for the gift to qualify for the unlimited marital deduction, the gift must have been made:
   A. While Rick and Emily were either engaged to be married or married
   B. While Rick and Emily were married
   C. While Rick and Emily were married, or no more than 3 months after they ended their marriage
   D. While Rick and Emily were married, or no more than 12 months after they ended their marriage

63. Greg and Sarah are a married couple. In order for Sarah to give Greg a gift that falls under the unlimited marital deduction, Sarah may not be:
   A. Younger than 24 years old
   B. More than 8 years older than Greg
   C. A citizen of any country other than the U.S.
   D. In the top income tax bracket
64. Bryan makes a gift of terminable interest to his wife Madison. The gift may qualify for the unlimited marital deduction if Madison is entitled to all of the income from the entire interest for:

A. At least 3 years
B. At least 5 years
C. At least 10 years
D. The remainder of her life

65. Sophie makes a gift of terminable interest to her husband Michael. The gift may qualify for the unlimited marital deduction if the income from the gift is paid at least:

A. Quarterly
B. Semi-annually
C. Annually
D. Bi-annually

66. Robin makes a gift of terminable interest to her husband Frank. The gift may qualify for the unlimited marital deduction if Frank has the unlimited power to appoint the entire interest in all circumstances:

A. While he is alive, only
B. By his will, only
C. While he is alive or by his will
D. While both he and Robin are alive or by his will

67. Ted makes a gift of terminable interest to his wife Susan. The gift may qualify for the unlimited marital deduction if ____ of the entire interest is subject to another person’s power of appointment.

A. no more than one-quarter
B. no more than one-half
C. no more than two-thirds
D. no part

68. The value of a gift is the “fair market value” of that item on the date the gift is:

A. Manufactured
B. Purchased
C. Transferred
D. Warrantied
69. Fair market value is the price at which property would be bought by a willing buyer or sold by a willing seller, when neither the buying nor selling is forced, and when both buyer and seller have reasonable knowledge of ____ facts relevant to the transaction.
   A. at least half of the
   B. the most important
   C. most of the
   D. all

70. The fair market value of a transferred item is determined by the sale price of the item in:
   A. A market that is the market in which it is most commonly sold to the public
   B. The market in which it is the most expensive
   C. The United States
   D. The European Union

71. The fair market value of a stock is the mean between the ________________, if the only available prices for calculation are the closing selling prices.
   A. highest and lowest selling prices that are quoted on the date the stock is valued
   B. quoted closing selling price of the date of valuation and on the trading day before the date of valuation
   C. quoted selling price on the trading date before the date of valuation and the trading day after the date of valuation
   D. highest and lowest selling prices on the nearest trading date before and the nearest trading date after the date of valuation

72. The American Taxpayer Relief Act of 2012 took effect in:
   A. June 2012
   B. December 2012
   C. January 2013
   D. March 2013
73. When _____ stock is involved in a gift, such stock must be valued on the basis of worth, earnings, earning and dividend capacity, and other relevant factors.

A. active  
B. inactive  
C. exclusive  
D. essential

74. When stock of a _____ is involved in a gift, such stock must be valued on the basis of worth, earnings, earning and dividend capacity, and other relevant factors.

A. limited liability company  
B. statutory corporation  
C. close corporation  
D. partnership

75. Marilee made a gift of a car to her son Chris. The best way to find the gift valuation of this transfer is to use the price paid for the property in:

A. An “arm’s length transaction”  
B. A “fair trade” transaction  
C. An “open market” transaction  
D. A “comparable sales” transaction

76. An “arm’s length transaction” is ____ to be conducted at fair market value.

A. never considered  
B. occasionally considered  
C. usually considered  
D. always considered

77. Troy makes a gift of a rare painting to Heather. If the painting is valued by comparing the painting with two similar paintings that have been sold, the valuation method being used is a(n):

A. “Arm’s length transaction” valuation  
B. “Comparable sales” valuation  
C. “Open market” valuation  
D. “Fair trade” valuation
78. Wendy gives Sarah a loan that is considered to be a loan under which the interest charged is less than the applicable federal rate. This kind of loan is a:

A. Gift loan  
B. Market loan  
C. Subprime loan  
D. Inflatable loan

79. The sum of the amount of the loan that Jim gives Ellen is greater than the present value of payments due. The gift total of the loan is:

A. The sum of the total of the loan amount and the value of the premium payments due  
B. The total of the loan amount over the present value of the premium payments  
C. The present value of the premium payments  
D. The value of the loan in an “arm’s length transaction”

80. Evanee gives Sam the gift of a loan under which the interest charged is less than the applicable federal rate. The amount of the gift is:

A. The amount of the interest charged  
B. The amount of interest that would have been payable if it was accumulated at the applicable federal rate  
C. The present value of the premium payments  
D. The value of the loan in an “arm’s length transaction”

81. Amy makes a gift of an open-ended mutual fund to Tom. The fair market value of the mutual fund will most likely be:

A. The public redemption price of the shares on the date Amy gifted the fund, if an affirmative price is shown  
B. The public redemption price of the shares on the date Amy gifted the fund, if an affirmative price is not shown  
C. The last public redemption price of the shares as quoted by the company for the date the gift was made, if an affirmative price is not shown  
D. The last public redemption price of the shares as quoted by the company for the date the gift was made, regardless of whether or not an affirmative price is shown
82. Todd makes a gift of an open-ended mutual fund to Betina. The public redemption price of the shares is used to find the fair market value of the mutual fund. The public redemption price is:

A. The gross asset value  
B. The net asset value  
C. The bid price  
D. Either the net asset value or the bid price

83. The value of a gift of life insurance is ________________, if the policy is gifted immediately after it is purchased.

A. the gross premium paid by the donor  
B. the net premium paid by the donor  
C. the fair market value of the life insurance  
D. the value of the life insurance in an “arm’s length transaction”

84. When an insurance policy that is not paid-up (i.e. that still has premiums payable) is gifted, the gift valuation is usually the lesser of either the “interpolated terminal reserve” or the:

A. Replacement cost of the policy  
B. Single premium amount that would be charged by the insurance company for a comparable contract  
C. Total premiums paid  
D. Cash surrender value

85. When an insurance policy is paid up when it is gifted, then the value of the gift is the:

A. Replacement cost of the policy  
B. Single premium amount that would be charged by the insurance company for a comparable contract  
C. Total premiums paid  
D. Cash surrender value

86. If an insurance policy that has a cash surrender value is gifted, and the donee plans to cash out the policy (rather than keeping it as an investment), then the fair market value of the policy is the:

A. Replacement cost of the policy  
B. Single premium amount that would be charged by the insurance company for a comparable contract  
C. Total premiums paid  
D. Cash surrender value
87. If an insurance policy that has a cash surrender value is gifted, and the donee plans to keep the policy as an investment, then the fair market value of the policy is the:

A. Replacement cost of the policy
B. Single premium amount that would be charged by the insurance company for a comparable contract
C. Total premiums paid
D. Cash surrender value

88. As it applies to gifted insurance policies, the “interpolated terminal reserve” is the reserve adjusted to the date of the gift, plus:

A. The value of the unearned amount of the premium
B. The value of the earned amount of premium
C. The value of the policy in an arm’s length transaction
D. The reserve adjusted to the date of the policy’s termination

89. How may a donor of life insurance policy obtain the “interpolated terminal reserve” amount of the policy?

A. From a stock broker
B. From the donee
C. From the insurer
D. From the IRS

90. Kimberly makes a gift of an annuity contract immediately after she purchases it. The value of the annuity contract is the:

A. Cost of the contract
B. Cost to purchase, at the time of the gift, an annuity that provides the same payment provisions
C. Projected annuity payments for the first 2 years of the income stream
D. Projected annuity payments for the first 7 years of the income stream

91. Joe makes a gift of an annuity contract that has been in force for a while. The value of the annuity contract is the:

A. Cost of the contract
B. Cost to purchase, at the time of the gift, an annuity that provides the same payment provisions
C. Projected annuity payments for the first 2 years of the income stream
D. Projected annuity payments for the first 7 years of the income stream
92. Fred is the owner of an annuity contract. He names Paul as an annuitant on his contract. A gift will be considered to have been made as soon as Fred directs annuity payments to begin to Paul:

A. If the naming of Paul as the new annuitant is revocable
B. If the naming of Paul as the new annuitant is irrevocable
C. Regardless of whether or not the naming of Paul as the new annuitant is revocable or irrevocable
D. Under no circumstance

93. Brenda is the owner of an annuity contract. She names Maxine as an annuitant on her contract on an irrevocable basis. When will a gift be considered to have been made to Maxine?

A. As soon as the insurance company charges the transfer fee
B. As soon as Maxine is named as the annuitant
C. As soon as Brenda directs annuity payments to begin to Maxine
D. A gift will not be considered to have been made

94. Frank purchases property with his own assets and holds the title to that property with his sister Lisa as a donee. If they hold the property title as joint tenants with rights of survivorship, then a gift:

A. Will have been made to Lisa for the full value of the property
B. Will have been made to Lisa for half the value of the property
C. Will have been made to Lisa for one-quarter of the value of the property
D. Will not have been made to Lisa

95. Nancy purchases property with her own assets and holds the title to that property with her husband Jim as a donee. If they hold the property title as joint tenants with rights of survivorship, then a gift:

A. Will have been made to Jim for the full value of the property
B. Will have been made to Jim for half the value of the property
C. Will have been made to Jim for one-quarter of the value of the property
D. Will not have been made to Jim

96. Megan purchases property with her own assets and holds the title to that property. If her son Timothy later makes a contribution to Megan for the one half the amount she purchased the property for (making their property contributions equal), and both Megan and Timothy hold the title to the property as joint tenants with rights of survivorship, then a gift:

A. Will have been made to Timothy for the full value of the property
B. Will have been made to Timothy for half the value of the property
C. Will have been made to Megan for one-half of the value of the property
D. Will not have been made to Timothy or Megan
97. Matt and his sister Maria are joint tenants of certain property. Maria contributes \( \frac{3}{4} \) of the purchase price of the property, while Matt contributes \( \frac{1}{4} \) of the purchase price of the property. The gift from Maria to Matt is what fraction of the purchase price of the property?

   A. \( \frac{1}{4} \)
   B. \( \frac{1}{2} \)
   C. \( \frac{3}{4} \)
   D. The full purchase price

98. Ben creates a joint bank account for himself and his son Chris, a donee. Ben has made a gift to the Chris when:

   A. Chris is named as a joint owner of the account
   B. Chris contributes to the account
   C. Chris takes withdrawals from the account for his own benefit, without any duty to repay Ben
   D. Christ takes any withdrawals from the account

99. Amelia purchases a U.S. savings bond that is registered as payable to her granddaughter, Sarah. A gift is considered to have been made to Sarah when:

   A. Amelia purchased the bond
   B. The bond reaches maturity
   C. Sarah cashes the bond without any duty to repay Amelia
   D. Sarah cashes the bond, regardless of whether or not she has a duty to repay Amelia

100. Mary gives her daughter Emily a gift of $11,000 in 2013. The annual exclusion amount applies to what amount of that gift?

    A. $0
    B. $5,5000
    C. $10,000
    D. $11,000

101. The annual exclusion amount as it applies to gift tax became subject to increases for cost-of-living in:

    A. 1998
    B. 2001
    C. 2005
    D. 2007
102. In 2012, Howard gives his daughter, Susie, $10,000. Howard also gives his son, Ben, $16,000 in that same year. By how much has he exceeded the gift tax annual exclusion amount?
   A. $0  
   B. $3,000  
   C. $6,000  
   D. $14,000

103. In 2013, Mike gives his son Chris a gift of $8,000. Mike also gives his daughter, Denise, $15,000 in 2013. How much may he credit from the unused portion of the annual exclusion from his gift to Chris and apply to his gift to Denise?
   A. $8,000  
   B. $3,000  
   C. $2,000  
   D. $0

104. The annual exclusion for gifts applies to gifts of:
   A. Present interest, only  
   B. Future interest, only  
   C. Both present and future interest  
   D. Neither present nor future interest

105. Which of the following would be considered a gift of future interest?
   A. Contractual rights of a bond  
   B. A life insurance contract  
   C. A promissory note when there is a promise to pay sometime in the future  
   D. Retention of a house for “life use” after gifting the house title

106. When a gift is made directly to minors, the property is usually:
   A. Frozen  
   B. Confiscated  
   C. Returned  
   D. Kept

107. Property gifted to a minor will be considered a gift of present interest if both the property and its income may be expended by (or for the benefit of) the minor before he reaches age:
   A. 13  
   B. 18  
   C. 21  
   D. 24
108. Robert dies before he reaches age 21. If property (and its income) had been gifted to Robert, it will be payable either to his estate or to whomever he appoints under a general power of appointment. Under this scenario, the property will be considered a gift of:

A. Present interest  
B. Future interest  
C. Frozen interest  
D. Perpetual interest

109. Gift splitting may be done by two people who:

A. Are joint owners  
B. File a joint tax return  
C. Are spouses, only  
D. Are spouses or family members, only

110. When two spouses make a split gift, they are considered to have given a gift to:

A. A third party  
B. A third party, or one another  
C. The state government  
D. The federal government

111. Greg and Liesel make a split gift of $10,000. How much will each of them be considered to have gifted?

A. $5,000 each  
B. $10,000 each  
C. $20,000 each  
D. Whatever amount they chose to split the gift into

112. Joseph and Vanessa agree to make a split gift. In order for the agreement to be valid by the IRS, both of them must have:

A. Filed individual IRS gift tax returns  
B. Filed a joint IRS gift tax return  
C. Verbally agreed to make the gift  
D. Written an individual check for the gift

113. If two spouses are divorced after a split gift was made, the gift is considered to be valid by the IRS, the spouses must not have remarried within what time frame?

A. Within 2 months after the gift was made  
B. Within 6 months after the gift was made  
C. During the calendar year that the gift was made  
D. Anytime after the gift was made
114. Hannah and Daniel are a married couple. In order for them to make a split gift, which of the following is true?

A. Hannah must not be a nonresident alien at the time the gift is made
B. Daniel must not be a nonresident alien at the time the gift is made
C. Hannah may be a nonresident alien at the time the gift is made, as long as Daniel is a U.S. citizen (or vice versa)
D. Neither Hannah nor Daniel may be a nonresident alien at the time the gift is made

115. John and Amanda are spouses. If John gives Amanda a general power of appointment over property interest, that property:

A. May be transferred by a split gift
B. May only be transferred by a split gift to one of Amanda's blood relatives
C. May only be transferred by a split gift to one of John or Amanda's blood relatives
D. May not be transferred by split gift

116. Don and Catherine decide to split all the gifts they make in 2013. During that year, Don gives a gift of $20,000 to his son, Frank. Catherine also gives a gift to her daughter Bennet for $15,000, and to her son Robby for $30,000. By how much did Don and Catherine exceed the annual exclusion amount in these three split-gifts?

A. $0
B. $2,000
C. $6,000
D. $20,000

117. The “lifetime gift exemption” is the amount that may be gifted without incurring:

A. County taxes
B. State taxes
C. County and state taxes
D. Federal taxes

118. If a donor makes a gift above the _______________, then the donor will be able to apply the lifetime exemption amount to reduce the amount of taxable gifts.

A. lifetime gift exemption amount
B. spousal gift exemption amount
C. annual exclusion amount
D. charitable gift exclusion amount
119. In 2012, Paul gives his 28 year-old daughter, Ellen, a cash gift of $20,000. Paul had never given a taxable gift before 2012. What was Paul's remaining lifetime gift exemption after he made the gift, based on 2012 gift tax rules?

A. $1,100,000  
B. $5,000,000  
C. $5,113,000  
D. $0

120. Generally, an individual must file an IRS Form 709 for gift taxes if he gave gifts to _______________ that exceed the annual exclusion amount.

A. at least one person, not including his spouse  
B. at least one person, including his spouse  
C. at least two people, not including his spouse  
D. at least two people, including his spouse

121. Generally, an individual must file an IRS Form 709 for gift taxes if he gave _______________a gift of future interest.

A. at least one person, not including his spouse  
B. at least one person, including his spouse  
C. at least two people, not including his spouse  
D. at least two people, including his spouse

122. Sylvia gave her husband an interest in property that will be ended by an event in the future. She is:

A. Required to file an IRS Form 709 for gift taxes  
B. Not required to file an IRS Form 709 for gift taxes  
C. Required to file an IRS Form 709 for gift taxes only if she has been married to her husband for less than 6 months  
D. Required to file an IRS Form 709 for gift taxes only if she is no more than 10 years younger than her husband

123. Bob gives a gift on February 12, 2013, for which he is required to pay gift taxes. The filing date for his gift taxes will most likely be

A. April 15, 2010  
B. February 12, 2010  
C. April 15, 2014  
D. January 1, 2011

124. Max made a gift to Brenda that he reported to the IRS. If he had to provide a written statement to Brenda, he must have made the gift:

A. In 2007  
B. After 2008  
C. After 2009  
D. In 2011
125. Sally makes a gift to Sam that she must report to the IRS. She must provide a written statement to Sam, which must include all of the following information, except:

A. Sam’s name, address and phone number
B. Information Sally reported to the IRS concerning the gift she made to Sam
C. The manufacturer’s purchase price of the gift she made to Sam
D. The basis of the reported property she gave to Sam

126. Using the unified rate schedule portion below, if the taxable amount of a gift is $8,000, the tax on that amount will be:

A. $1,440 (18% of $8,000)
B. $2,800 (35% of $8,000)
C. $3,240 ($1,800 + 18% of $8,000)
D. $3,400 ($1,800 + 20% of $8,000)

<table>
<thead>
<tr>
<th>Taxable Amount</th>
<th>Tentative Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not over $10,000</td>
<td>18% on excess (over $0)</td>
</tr>
<tr>
<td>Over $10,000 but not over $20,000</td>
<td>$1,800 + 20% on excess</td>
</tr>
<tr>
<td>Over $20,000 but not over $40,000</td>
<td>$3,800 + 22% on excess</td>
</tr>
<tr>
<td>Over $40,000 but not over $60,000</td>
<td>$8,200 + 24% on excess</td>
</tr>
<tr>
<td>Over $60,000 but not over $80,000</td>
<td>$13,000 + 26% on excess</td>
</tr>
</tbody>
</table>

127. In 2013, the lifetime exemption amount for ________ is $5.25 million.

A. gift tax purposes only
B. gift, estate and generation skipping transfers tax purposes
C. estate tax purposes only
D. generation skipping transfers tax only

128. The annual exclusion amount for gifts made in 2013 by a single individual is:

A. $28,000
B. $27,000
C. $14,000
D. $13,500

129. In the general order of gift tax calculation, what is the first element that must be found?

A. The annual exclusion
B. Taxable gifts
C. Gift tax due
D. Net gift tax
130. In gift tax calculation, the amount of taxable gifts is found by subtracting which of the following from the total gifts for the year?
   A. The net gift tax
   B. The charitable and marital deductions
   C. The lifetime gift exemption amount
   D. The annual exclusion amount

131. In the general order of gift tax calculation, which of the following is subtracted from the taxable gifts amount to find the total taxable gifts?
   A. Marital and charitable deduction
   B. Prior taxable gifts
   C. The annual exclusion amount
   D. Amount of unified credit

132. In the general order of gift tax calculation, to find the net gift tax, the tentative tax on total taxable gifts is calculated using the Unified Rate Schedule, then the __________ is subtracted from that amount.
   A. tentative tax of prior taxable gifts
   B. annual exclusion amount
   C. amount of unified credit
   D. the gross gift tax

133. In the general order of gift tax calculation, to find the total gift tax due, what is subtracted from the net gift tax?
   A. Tentative tax of prior taxable gifts
   B. Annual exclusion amount
   C. Amount of unified credit
   D. The gross gift tax

134. Emily had never made another gift before she made a gift of present interest to her daughter for $30,000 in 2013. Her taxable gifts for 2013 equal:
   A. $0
   B. $13,000
   C. $16,000
   D. $30,000

135. Brent had never made another gift before he made a gift of present interest to his cousin in 2013. If the net gift tax he owes on that gift is $8,800, his gift tax due for 2013 equals:
   A. $0
   B. $4,400
   C. $6,000
   D. $8,800
136. Randall had never made another gift before he made a gift of present interest to his sister for $52,000. He has no marital or charitable deduction to subtract. Use the table portion below to find the tentative tax on Randall’s **total taxable gifts**:

<table>
<thead>
<tr>
<th>Taxable Amount</th>
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</tr>
</thead>
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<tr>
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</tr>
<tr>
<td>Over $60,000 but not over $80,000</td>
<td>$13,000 + 26% on excess</td>
</tr>
<tr>
<td>Over $80,000 but not over $100,000</td>
<td>$18,200 + 28% on excess</td>
</tr>
</tbody>
</table>

A. $8,200  
B. $9,368  
C. $12,600  
D. $17,800  

137. Upon an individual’s death, estate tax applies to that individual’s:

A. “Gross estate”  
B. “Net estate”  
C. “Taxable estate”  
D. “Base estate”  

138. A taxable estate is an individual’s gross estate, minus:

A. Allowable deductions  
B. Probate costs  
C. Gift taxes  
D. The state inheritance credit  

139. The gross estate includes the value of ____ of the property an individual had interest in at the time of death.

A. little  
B. some  
C. most  
D. all  

140. The proceeds of an insurance policy are payable to Matthew’s estate after he passes away. Those proceeds:

A. Are included in his gross estate  
B. Are not included in his gross estate  
C. Are included in his gross estate only if they total more than $100,000  
D. Are included in his gross estate only if they total more than $250,000
141. Corina owns an insurance policy, the proceeds from which are payable to her heirs after she passes away. Those proceeds:
   A. Are included in her gross estate
   B. Are not included in her gross estate
   C. Are included in her gross estate only if they total more than $100,000
   D. Are included in her gross estate only if they total more than $250,000

142. The value of certain annuities are included in Jim’s gross estate. Those annuities:
   A. Must be payable to Jim’s estate, only
   B. Must be payable to Jim’s heirs, only
   C. Must not be payable to either Jim’s estate or his heirs
   D. May be payable either to Jim’s estate or his heirs

143. An individual’s gross estate usually includes ______ value of retirement accounts that individual owns.
   A. a small fraction of the
   B. about half of the
   C. most of the
   D. the full

144. A lifetime gift included in the gross estate include gifts in which the donor reserved:
   A. “Retained interest”
   B. “Fundamental base interest”
   C. “Property rights”
   D. “Donor prerogative”

145. Michael makes a lifetime gift and reserves certain rights to that gift. If he made the gift in January of 2011, surrendered the rights to the gift in January of 2012 and he dies in January of 2013, the gift:
   A. Is included in his gross estate
   B. Is not included in his gross estate
   C. Is included in his gross estate only if the gift totals more than $100,000
   D. Is included in his gross estate only if the gift totals more than $250,000
146. Samuel makes a lifetime gift and reserves certain rights to that gift. If he made the gift in January of 2009, and he dies in January of 2019 without surrendering the rights to the gift, then the gift:

A. Is included in his gross estate  
B. Is not included in his gross estate  
C. Is included in his gross estate only if the gift totals more than $100,000  
D. Is included in his gross estate only if the gift totals more than $250,000

147. In 2013, spouses may jointly gift how much to a third party and be within the annual exclusion amount for gift tax purposes?

A. $28,000  
B. $35,000  
C. $26,000  
D. $24,000

148. Mark makes a lifetime gift and reserves certain rights to that gift. If he made the gift in January of 2007, surrendered the rights to the gift in January of 2009 and he dies in January of 2013, the gift:

A. Is included in his gross estate  
B. Is not included in his gross estate  
C. Is included in his gross estate only if the gift totals more than $100,000  
D. Is included in his gross estate only if the gift totals more than $250,000

149. Tina makes a gift of life insurance on her own life in July 1, 2009. If the gift is included in her gross estate upon her death, then which of the following is the latest possible date of her death?

A. July 1, 2010  
B. July 1, 2011  
C. July 1, 2012  
D. July 1, 2013

150. Carolyn and her husband Fred are joint tenants of a certain piece of property. If Carolyn paid for the property, and she passes away, what percent of the value of the joint property is included in her gross estate?

A. 100%  
B. 50%  
C. 25%  
D. 0%
151. Matt and his brother Joe are joint tenants of a certain piece of property. If Matt paid for the property, and he passes away, what percent of the value of the joint property is included in his gross estate?

A. 100%
B. 50%
C. 25%
D. 0%

152. Sarah and her best friend Jodie are joint tenants of a certain piece of property. If Sarah paid for 25% of the property, and she passes away, what percent of the value of the joint property is included in her gross estate?

A. 100%
B. 50%
C. 25%
D. 0%

153. Patrick holds a general power of appointment over a certain piece of property at his death. The property:

A. Is included in his gross estate
B. Is not included in his gross estate
C. Is included in his gross estate only if the gift totals more than $100,000
D. Is included in his gross estate only if the gift totals more than $250,000

154. Vicki possesses the rights to appoint certain property to herself or other persons. She possesses a:

A. “Broad” power of appointment
B. “Fundamental” power of appointment
C. “Nongeneral” power of appointment
D. “General” power of appointment

155. For estate tax purposes, the marital deduction is generally _____ value of property that passes from an individual’s estate to his surviving spouse.

A. a small fraction of the
B. about half of the
C. most of the
D. the full
156. Funeral expenses are paid out of an individual’s estate upon his death. These expenses:
   A. Are deducted from the gross estate
   B. Are not deducted from the gross estate
   C. Are deducted from the gross estate only if the expenses total more than $100,000
   D. Are deducted from the gross estate only if the expenses total more than $250,000

157. The costs of administering an individual’s estate upon his death:
   A. Are deducted from the gross estate
   B. Are not deducted from the gross estate
   C. Are deducted from the gross estate only if the expenses total more than $100,000
   D. Are deducted from the gross estate only if the expenses total more than $250,000

158. Upon an individual’s death, _____ value of debts that the individual owes are deductible from his gross estate.
   A. none of the
   B. about half of the
   C. most of the
   D. the full

159. The state death tax deduction is usually applicable ____ inheritance, legacy, or succession taxes that are paid to any state (or the District of Columbia) as the result of an individual’s death.
   A. a small fraction of
   B. about half of the
   C. the majority of the
   D. any of the

160. The value of property involved in a transfer in which the donor kept rights to alter, amend, revoke or terminate the transfer is reduced by applicable exclusions and deductions. Such property is considered to be:
   A. A “taxable life transfer”
   B. An “adjusted taxable gift”
   C. A “revaluated gift”
   D. A “modified transfer gift”
161. The value of property involved in a transfer in which the donor could specify who was allowed to enjoy or possess the transferred property is reduced by applicable exclusions and deductions. Such property is considered to be an adjusted taxable gift if:

A. The donor could specify, before the transfer only, who was allowed to enjoy or possess the transferred property
B. The donor could specify, after the transfer only, who was allowed to enjoy or possess the transferred property
C. The donor could specify, either before or after the transfer, who was allowed to enjoy or possess the transferred property
D. The donor could not specify, neither before nor after the transfer, who was allowed to enjoy or possess the transferred property

162. The value of property involved in a transfer is reduced by applicable exclusions and deductions. Such property will be considered an adjusted taxable gift if the donor retained any of the following, except:

A. Possession of the property
B. Enjoyment of the property
C. The right to the income of the property
D. A picture, digital or otherwise, or any image of the property

163. In estate tax calculation, after an “adjusted taxable gift” is determined, what happens to that gift?

A. It is added back into the estate
B. It is subtracted from the estate
C. It is multiplied by the ATG factor
D. It is divided by tax on prior gifts

164. In estate tax calculation, an “adjusted taxable gift” is determined, but gift taxes have been paid on the gift at an earlier date. What happens upon the death of the gift donor?

A. The gift taxes will be added to the tax due
B. The gift taxes will be credited against the tax due
C. The adjusted taxable gift will be declared a “nonfactorable” gift
D. The gift taxes will be returned to the donor’s estate

165. Daniel made a total of $100,000 in taxable gifts as of December 31, 1971. He made a total of $240,000 in taxable gifts as of December 31, 1976. He made a total of $350,000 in taxable gifts as of December 31, 1984 and he has made no other taxable gifts since that time. The amount of adjusted taxable gifts will be determined using what amount of his taxable gifts?

A. $100,000
B. $240,000
C. $250,000
D. $350,000
166. Joe made a gift to his brother after September 8, 1976 but before January 1, 1977 for which he claimed a specific exemption. The unified credit reduction for this gift is calculated by included what percent of the specific exemption claimed for this gift on Joe’s estate tax return?
   A. 0%
   B. 10%
   C. 20%
   D. 50%

167. Emily’s husband George made a split gift to his brother after September 8, 1976 but before January 1, 1977 for which he claimed a specific exemption. The unified credit reduction for this gift is calculated by included what percent of the specific exemption claimed for this gift on Emily’s estate tax return?
   A. 0%
   B. 10%
   C. 20%
   D. 50%

168. For what year was the foreign death tax credit for estate tax repealed?
   A. 2008
   B. 2009
   C. 2010
   D. 2011

169. The foreign death tax credit allows a tax credit for those estate, inheritance, legacy, or succession taxes that were paid to a foreign country relating to any property located in that foreign country and included in the gross estate of:
   A. A citizen or resident of the United States
   B. A citizen or resident of the United States or Canada
   C. A citizen or resident of the United States, Canada or Great Britain
   D. A citizen or resident of the United States, Canada, Great Britain, or Iraq

170. Greg owns property in a foreign country. The foreign death tax credit applies to the estate tax on this property upon Greg’s death. What is the purpose of this tax credit?
   A. The avoid any estate taxation on the property
   B. To avoid double estate taxation on the property
   C. To promote trade with the foreign country
   D. To promote immigration to the foreign country
171. The U.S. holds a treaty with Austria that authorizes a foreign death tax credit. Which of the following computation methods will be used to determine the credit?

A. The credit computed under the treaty
B. The credit computed under the statute
C. The credit computed under the treaty, plus the credit computed under the statute for death taxes paid to each political subdivision or possession of the treaty country that are not directly or indirectly creditable under the treaty
D. The method depends upon which is the most beneficial option for the estate

172. If a statute authorizes a foreign death tax credit, rather than a treaty, then the tax credit is authorized for what death taxes that are imposed in the foreign country?

A. Local death taxes, only
B. National death taxes, only
C. Both local and national death taxes
D. Both local and national death taxes only if the country is part of a free trade agreement with the United States

173. For a foreign death tax credit created under a treaty with another country besides the U.S., local taxes:

A. May be used as the basis for a credit, depending on the provisions of that particular treaty
B. May be used as the basis for a credit only if the country is also part of a free trade agreement with the United States
C. Must never be used as the basis for a credit
D. Are always used as the basis for a credit

174. Mike is the transferor who transfers property to Gina, the transferee. A prior transfers tax credit applies to the transfer if Mike died within _____ before Gina.

A. 2 years
B. 5 years
C. 7 years
D. 10 years

175. Carole is the transferor who transfers property to Nancy, the transferee. A prior transfers tax credit applies to the transfer if Carole died within _____ after Nancy.

A. 2 years
B. 5 years
C. 7 years
D. 10 years
176. Jim is the transferor who transfers property to his wife Susan, the transferee. If a prior transfers tax credit applies to the transfer, then the credit:

A. Is not allowed to the extent that the marital deduction was applied to Jim’s estate for that property
B. Makes void the marital deduction that would otherwise have applied to Jim’s estate for that property
C. Is prorated based upon the years that Jim and Susan have been married
D. Is replaced with a prior transfers marital deduction

177. Mel is the transferor who transfers property to Paul, the transferee. The prior transfers tax credit ______ applied on prior transfers for gift taxes that were paid in connection with the transfer.

A. is
B. is not
C. is usually
D. is rarely

178. The prior transfers tax credit applies to interest of which the transferee received the beneficial ownership. This interest is:

A. Legal, only
B. Equitable, only
C. Both legal and equitable
D. Neither legal nor equitable

179. The prior transfers tax credit applies to interest of which the transferee received the beneficial ownership. The beneficial ownership ______ property over which the transferee received a general power of appointment.

A. does not include
B. includes
C. voids
D. renames

180. The property that the prior transfers tax credit applies to does not include:

A. Annuities
B. Life estates
C. Interest in property over which the transferee received a nongeneral power of appointment
D. Remainder interests
181. Kaitlyn is a transferee who is named as the trustee of certain property. This legal title is the only interest she receives to the property. The prior transfers tax credit:

A. Does not apply to the property  
B. Applies to the property  
C. Applies to the property only if Kaitlyn passes away within 1 year of the transferor  
D. Applies to the property only if Kaitlyn passes away within 5 years of the transferor

182. What amount should be placed in the shaded box in this table of the lifetime exclusion and credit amounts for estate tax?

<table>
<thead>
<tr>
<th>Period</th>
<th>Exclusion Amounts</th>
<th>Credit Amounts</th>
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<tbody>
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<td>2002-2010</td>
<td>$1,000,000</td>
<td>$330,800</td>
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<tr>
<td>2011</td>
<td>$5,000,000</td>
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<td>2012</td>
<td>$5,120,000</td>
<td>$1,722,800</td>
</tr>
<tr>
<td>2013</td>
<td>$5,120,000</td>
<td>$2,045,800</td>
</tr>
</tbody>
</table>

A. $5,250,000  
B. $5,120,000  
C. $5,000,000  
D. $1,000,000

183. The provisions of ATRA 2012 related to the lifetime exemption and the maximum estate tax rates:

A. are permanent  
B. will sunset in 2014 without further Congressional action  
C. expire in 2015  
D. expire in 2020

184. A transferee predeceases a transferor by 1 year. The prior transfers tax credit allowed to be applied to the transfer is what percent of the maximum credit amount?

A. 0%  
B. 20%  
C. 60%  
D. 100%
185. A transferee predeceases a transferor by 5 years. The prior transfers tax credit allowed to be applied to the transfer is what percent of the maximum credit amount?

A. 0%
B. 20%
C. 60%
D. 100%

186. If a transferor predeceases a transferee by 1 year, then the percent of the maximum prior transfers tax credit that is allowed is:

A. 100%
B. 80%
C. 60%
D. 0%

187. If a transferor predeceases a transferee by 5 years, then the percent of the maximum prior transfers tax credit that is allowed is:

A. 100%
B. 80%
C. 60%
D. 0%

188. If a transferor predeceases a transferee by 11 years, then the percent of the maximum prior transfers tax credit that is allowed is:

A. 100%
B. 80%
C. 60%
D. 0%

189. In the estate tax calculation order, the first element of estate tax calculation is the:

A. Tentative taxable estate
B. Total net estate
C. Taxable estate
D. Adjusted taxable gifts

190. In estate tax calculation, the state death tax deduction is subtracted from the tentative taxable estate to find the:

A. Gross estate
B. Total net estate
C. Taxable estate
D. Adjusted taxable gifts
191. In the estate tax calculation order, when are the charitable and marital deductions factored in?
   A. When finding the tentative taxable estate
   B. When finding the gross estate tax
   C. When finding the taxable estate
   D. When finding the net estate tax due

192. In estate tax calculation, the gross estate is determined by adding the adjusted taxable gifts to the taxable estate, then computing the tentative tax on this amount, based on the:
   A. Unified Rate Schedule
   B. Marginal Tax Table
   C. Basic Tentative Tax Grid
   D. Estate Tax Index

193. In estate tax calculation, the gross estate determined by adding the adjusted taxable gifts to the taxable estate, computing the tentative tax on this amount, and then subtracting the:
   A. Unified tax credit
   B. Total gift tax paid or payable on gifts made after December 31, 1976
   C. State death tax deduction
   D. Marital and charitable deductions

194. In estate tax calculation, under which element is the unified tax credit factored?
   A. Tentative taxable estate
   B. Taxable estate
   C. Gross estate tax
   D. Net estate tax due

195. Chris Reynolds is a 55 year-old, single man who passes away in 2012. His gross estate assets add up to $1,500,000. He does not qualify for the marital or charitable deductions, his state does not impose a death tax, and his applicable deductions total $200,000. What is his taxable estate?
   A. $0
   B. $200,000
   C. $1,300,000
   D. $1,500,000
196. Sarah’s taxable estate equals $1,100,000. She did not make any adjusted taxable gifts. Use the following table to find the **gross estate tax** on Sarah’s estate:

<table>
<thead>
<tr>
<th>Taxable Amount</th>
<th>Tentative Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>$150,000 to $250,000</td>
<td>38,800 + 32% of the excess</td>
</tr>
<tr>
<td>$250,000 to $500,000</td>
<td>70,800 + 34% of the excess</td>
</tr>
<tr>
<td>$500,000 to $750,000</td>
<td>155,800 + 37% of the excess</td>
</tr>
<tr>
<td>$750,000 to $1,000,000</td>
<td>248,300 + 39% of the excess</td>
</tr>
<tr>
<td>$1,000,000 and over</td>
<td>345,800 + 40% of the excess</td>
</tr>
</tbody>
</table>

A. $248,300  
B. $385,800  
C. $796,800  
D. $555,800  

197. Sam passes away in 2012. If his gross estate tax equals $700,000 and he had never used the unified credit amount for transfers during his lifetime, how much will his estate owe in estate taxes?

A. $0  
B. $119,200  
C. $554,200  
D. $780,800  

198. Before what year was there an absence of laws that prohibited an individual from leaving a hefty amount of assets in trust for numerous generations of family members without estate tax consequences?

A. 1958  
B. 1964  
C. 1976  
D. 1985  

199. A direct skip is subject to estate taxation if it is required to be listed on IRS Form:

A. 701  
B. 706  
C. 709  
D. 712
200. For the purposes of the GST tax, if a transfer is made to a natural person, it is _______ considered a transfer of an interest in property.
   A. always
   B. usually
   C. rarely
   D. never

201. According to the IRS, an “explicit trust” is “an arrangement created by __________ whereby the trustees take title to property for the purpose of protecting or conserving it for the beneficiaries under the ordinary rules applied in chancery or probate courts.”
   A. a will, only
   B. an inter vivos declaration, only
   C. either a will or an inter vivos declaration
   D. an irrevocable trust agreement

202. The definition of a trust, as it applies to the GST tax, could include all of the following, except:
   A. A life estate with remainder
   B. An insurance contract
   C. An annuity contract
   D. An estate

203. A gift of certain property is made to a trust. Interest in the property is given to the donee, who has a present right to receive ______ from the trust.
   A. income, only
   B. corpus, only
   C. income or corpus
   D. future interest

204. A gift of certain property is made to a trust. Interest in the property is given to the donee, who is a permissible current recipient of ______ from the trust.
   A. income, only
   B. corpus, only
   C. income or corpus
   D. future interest
205. Jim is the transferee of a direct skip. If the transferor of the gift is a relative of Jim's, which of the following must be true of Jim?

A. He must be the grandchild of the transferor
B. He must be two or more generations below the generation of the transferor
C. He must have been born more than 37½ years after the gift transferor
D. He must have been born more than 50 years after the gift transferor

206. Ed is the transferee of a direct skip. If the transferor of the gift is not a relative of Ed's, which of the following must be true of Ed?

A. He must be the grandchild of the transferor
B. He must be two or more generations below the generation of the transferor
C. He must have been born more than 37½ years after the gift transferor
D. He must have been born more than 50 years after the gift transferor

207. In order for a trust to be considered a skip person as the transferee of a direct skip, skip persons must hold ____ of the interests in the property transferred to that trust.

A. at least 25%
B. at least 50%
C. at least 80%
D. 100%

208. In order for a trust to be considered a skip person as the transferee of a direct skip, if no interest in the property transferred to the trust is currently held by any person, then future distributions or terminations from the trust must be made:

A. To skip persons, only
B. To at least one skip person, regardless of what other persons receive the distributions or terminations from the trust
C. To at least two skip persons, regardless of what other persons receive the distributions or terminations from the trust
D. To at least three skip persons, regardless of what other persons receive the distributions or terminations from the trust
209. Jill, a decedent, transferred her house to her son Frank under her will for Frank’s lifetime, with the remainder passing to Frank’s children. This transfer is made to a trust, although it is not an explicit trust. The interest in the transferred property (i.e. the present right to use the house) is transferred to Frank. Which of the following is true?

A. The trust is a skip person, and the transfer is subject to the GST tax  
B. The trust is not a skip person, and the transfer is subject to the GST tax  
C. The trust is a skip person, and the transfer is not subject to the GST tax  
D. The trust is not a skip person, and the transfer is not subject to the GST tax

210. Benjamin’s will establishes a trust that is required to accumulate income for 17 years, and then pay that income to his grandchildren for the remainder of their lives. Upon their deaths, the trust is required to distribute the corpus to Bill’s great-grandchildren. Which of the following is true?

A. The trust is a skip person, and the transfer is subject to the GST tax  
B. The trust is not a skip person, and the transfer is subject to the GST tax  
C. The trust is a skip person, and the transfer is not subject to the GST tax  
D. The trust is not a skip person, and the transfer is not subject to the GST tax

211. For an inter vivos gift, the GST tax is calculated based on the value of the gift:

A. Before any allocated GST exemption is subtracted  
B. After any allocated GST exemption is subtracted  
C. Before any allocated GST exemption is factored into the gift to determine the prorated GST valuation  
D. After any allocated GST exemption is factored into the gift to determine the prorated GST valuation

212. For a bequest upon a death, the GST tax is calculated based on the value of the bequest:

A. Before any allocated GST exemption is subtracted  
B. After any allocated GST exemption is subtracted  
C. Before any allocated GST exemption is factored into the gift to determine the prorated GST valuation  
D. After any allocated GST exemption is factored into the gift to determine the prorated GST valuation
213. The lifetime GST exemption amount that applies to inter vivos gifts is similar in function to:

A. The unified credit amount
B. The adjusted taxable gift amount
C. The prior gift tax amount
D. The gross estate deduction amount

214. Megan does not use the full amount of her GST exemption amount on inter vivos transfers before she passes away. What happens to this exemption amount upon her death?

A. It reverts to the IRS
B. It is transferred to her immediate heirs
C. It is applied to transfers at death
D. It is transferred to a charity of Megan’s estate’s choice

215. The GST exemption table should be completed so that the shaded box below equals:

<table>
<thead>
<tr>
<th>Year of Transfer</th>
<th>GST Exemption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$3,500,000</td>
</tr>
<tr>
<td>2010</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>2011</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>2012</td>
<td>$5,120,000</td>
</tr>
<tr>
<td>2013</td>
<td></td>
</tr>
</tbody>
</table>

A. $1,000,000
B. $5,120,000
C. $5,250,000
D. Repealed

216. The GST tax rate table should be completed so that the shaded box below equals:

<table>
<thead>
<tr>
<th>Year</th>
<th>Marginal Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-2009</td>
<td>45%</td>
</tr>
<tr>
<td>2010</td>
<td>Repealed</td>
</tr>
<tr>
<td>2011</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>35%</td>
</tr>
<tr>
<td>2013</td>
<td>40%</td>
</tr>
</tbody>
</table>

A. 55%
B. 45%
C. 35%
D. Repealed
217. Often, assets are transferred to minors under either the Uniform Gift to Minors Act (UGMA) or the Uniform Transfer to Minors Act (UTMA), depending upon:

A. Which act a state has adopted
B. Which act a county has adopted
C. Which act a parent chooses
D. Which act a minor chooses

218. An adult is allowed to make an irrevocable transfer of property to a minor under:

A. UTMA, only
B. UGMA, only
C. Both UTMA and UGMA
D. Neither UTMA nor UGMA

219. Regarding UGMA and UTMA, which of the following acts was passed first?

A. UGMA
B. UTMA
C. Both acts were passed simultaneously
D. It is unknown exactly when each act was passed

220. UGMA allows certain property to be gifted to a minor through a custodial account, not including:

A. Securities
B. Life insurance contracts
C. Bank accounts
D. Real estate

221. Under UGMA, property gifted to a minor through a custodial account will be:

A. Registered in the name of the custodian (acting for the minor)
B. Registered in the name of the custodian (acting for himself)
C. Delivered to the custodian
D. Either registered in the name of the custodian (acting for the minor) or delivered to the custodian

222. The provisions of UTMA are currently adopted by ____ U.S. states.

A. all
B. most
C. about half of all
D. a fraction of all
223. Under UTMA, fine art that is gifted to a minor may be transferred to a custodial account:
   A. Under any circumstance
   B. Under no circumstance
   C. Only if the art is valued at less than $100,000
   D. Only if the art is valued at less than $250,000

224. Custodial accounts are generally _____ to establish.
   A. relatively easy
   B. neither easy nor complicated
   C. very complicated
   D. almost impossible

225. Which of the following best describes the method of opening a custodial account for a minor?
   A. The name of the minor and the custodian are listed
   B. The name of the minor and the custodian are listed; a “Custodial Requirement Summary Form” is filled out and signed by the custodian
   C. The name of the minor and the custodian are listed; a “Custodial Requirement Summary Form” is filled out and signed by the custodian; the minor’s guardian hires a notary to oversee the filing of the additional tax documents
   D. The name of the minor and the custodian are listed; a “Custodial Requirement Summary Form” is filled out and signed by the custodian; the minor’s guardian hires a notary to oversee the filing of the additional tax documents; the minor submits fingerprints

226. Which of the following statements best reflects a custodian’s role as relating to a custodial account for a minor?
   A. The custodian holds full fiduciary responsibilities
   B. The custodian holds limited fiduciary responsibilities
   C. The custodian holds no limited fiduciary responsibilities
   D. The custodian shares full fiduciary responsibilities with the minor’s guardian

227. How many custodians are allowed at one time per custodial account for a minor?
   A. One
   B. Two
   C. Three
   D. An unlimited number
228. The custodian of a custodial account established for a minor _____ select a successor custodian to take over upon his or her death.

A. must
B. may
C. usually cannot
D. cannot

229. A minor may take control of a custodian account upon reaching:

A. Age 18
B. Age 21
C. The age of termination
D. The age of majority

230. For custodial accounts established for minors, the age of termination:

A. Differs by state
B. Is always the age of majority
C. Is always 18
D. Is always 21

231. The age of termination for a custodial account established for a minor under UGMA is 19 in a certain state. Given this information, what will the age of termination under UTMA be for that state?

A. 18
B. 19
C. 21
D. It is not possible to know, based on the given information

232. In _____ states, a different age of termination for a custodial account established for a minor may be chosen than the age that applies automatically.

A. all
B. nearly all
C. some
D. no

233. In most states, the age of majority for signing a contract is:

A. 18
B. 19
C. 21
D. 24
234. Which of the following statements best reflects the role of a guardian of a minor?

A. The guardian holds full fiduciary responsibilities
B. The guardian holds limited fiduciary responsibilities
C. The guardian holds no limited fiduciary responsibilities
D. The guardian shares full fiduciary responsibilities with the minor’s custodian

235. A completed gift is made to the guardian of a minor. Such a gift is considered:

A. A gift of future interest
B. A gift of present interest
C. A gift of frozen interest
D. A gift of belated interest

236. A completed gift is made to the guardian of a minor. The annual exclusion:

A. May be applied to the gift
B. May not be applied to the gift
C. May be applied to the gift only if the minor is at least 13 years old
D. May be applied to the gift only if the minor is at least 16 years old

237. An individual holds the responsibility to file a minor’s tax returns. Such an individual could be the minor’s:

A. Custodian
B. Guardian
C. Custodian or guardian
D. Custodian, guardian, or trustee

238. Which of the following means used to manage minor children’s property can usually be created with the greatest ease and flexibility?

A. A custodianship
B. A guardianship
C. A trust
D. A custodianship, guardianship, and trust are all created with the same amount of ease and flexibility
239. A trust is created for a minor. The trust is:
   A. Revocable
   B. Irrevocable
   C. Either revocable or irrevocable
   D. Revocable, if it is an explicit trust; irrevocable, if it is an implicit trust

240. A trust created for a minor must take into account requirements for a:
   A. “Completed” gift
   B. “Frozen” gift
   C. “Prior” gift
   D. “Belated” gift

241. A current income trust is another name for which of the following types of trusts?
   A. A Section 2503(b) trust
   B. A Section 2503(c) trust
   C. A Section 709 trust
   D. A Section 529 plan

242. Under a Section 2503(b) trust, a trustee is ______ required to distribute the trust's principal to a minor.
   A. always
   B. usually
   C. rarely
   D. never

243. Under a Section 2503(b) trust, a trustee is required to make a(n) ______ distribution of earnings from the trust to a minor.
   A. quarterly
   B. semi-annual
   C. annual
   D. biannual

244. The income portion of a Section 2503(b) trust is considered:
   A. A gift of future interest
   B. A gift of present interest
   C. A gift of frozen interest
   D. A gift of belated interest
245. The principal of a Section 2503(b) trust is considered:
   A. A gift of future interest
   B. A gift of present interest
   C. A gift of frozen interest
   D. A gift of belated interest

246. The principal of a Section 2503(b) trust is subject to gift tax, and:
   A. May be reduced by the lifetime gift exemption amount
   B. May not be reduced by the lifetime gift exemption amount
   C. May be reduced by the lifetime gift exemption amount only if the trust is revocable
   D. May be reduced by the lifetime gift exemption amount only if the trust was created after December 31, 1995

247. Under Section 2503(c) of IRS regulations, transfers to minors that qualify as gifts of ________ are outlined.
   A. future interest
   B. present interest
   C. both future and present interest
   D. frozen interest

248. In order for a Section 2503(c) trust to qualify for the gift tax annual exclusion amount, the donee must be under what age when the transfer is made to the trust?
   A. Age 13
   B. Age 18
   C. Age 19
   D. Age 21

249. In order for a Section 2503(c) trust to qualify for the gift tax annual exclusion amount, any property and income that is not used by or for the benefit of the donee by what age must be transferred to the donee?
   A. Age 13
   B. Age 18
   C. Age 19
   D. Age 21
250. A trustee may either distribute or accumulate trust income. The trust could be:
   A. A Section 2503(b) trust, only
   B. A Section 2503(c) trust, only
   C. Either a Section 2503(b) or a Section 2503(c) trust
   D. Neither a Section 2503(b) nor a Section 2503(c) trust

251. The trustee of a Section 2503(c) trust may make distributions of the trust's principal:
   A. For predetermined reasons, only
   B. At his own discretion, only
   C. Either for predetermined reasons, or at his discretion
   D. For no reason

252. A Section 529 education savings plan is sponsored by:
   A. A state government, only
   B. A private educational institution, only
   C. A state government or a private educational institution
   D. A private individual, only

253. A Section 529 plan is established for a minor. The plan must be a(n):
   A. Prepaid tuition program
   B. Education savings account
   C. Prepaid tuition program or education savings account
   D. Prepaid tuition program, education savings account, or a current income trust

254. The basis for the maximum contribution limits for a Section 529 plan is the current cost of a:
   A. 2-year, instate high school education
   B. 4-year, in-state high school education
   C. 2-year, in-state college education
   D. 4-year, in-state college education

255. Contributions to a Section 529 plan:
   A. Grow on a tax-deferred basis, and are tax deductible
   B. Grow on a tax-deferred basis, but are not tax deductible
   C. Do not grow on a tax-deferred basis, but are tax deductible
   D. Do not grow on a tax-deferred basis, and are not tax deductible
256. What amount of qualified distributions from a Section 529 plan are allowed to be made tax-free to the beneficiary of the plan?

A. All qualified distributions
B. Most qualified distributions
C. About half of all qualified distributions
D. A fraction of all qualified distributions

257. Donations of outright gifts to charity are:

A. One of the most common ways to give gifts to charities
B. A moderately common way to give gifts to charities
C. A fairly rare way to give gifts to charity
D. An almost unheard of way to give gifts to charity

258. When a cash or check is donated to a charity, a(n) _________ deduction is usually applied.

A. dollar-for-dollar
B. prorated
C. fundamental price
D. appreciated price

259. Mary makes a contribution of $1,000 to a charity using cash. What must she receive from the charity?

A. A contract of donation
B. A written acknowledgment
C. A notarized receipt
D. A W-4 Form

260. Ben donates a car to a charity. The title to the car:

A. Stays in Ben's name
B. Must be transferred to the name of the charity
C. Must be transferred to the name of the city where the donation occurred
D. Must be transferred to the name of the county where the donation occurred

261. Jim makes a gift of appreciated stock to a charity. In making the gift, Jim could have avoided the requirement to pay:

A. Large capital gains taxes
B. Foreign death taxes
C. Prior gift taxes
D. Any taxes at all
262. Victoria makes a gift of appreciated stock to a charity. If she receives a deduction for the stock's fair market value, the stock:

A. Must have been worth that amount upon its initial purchase  
B. Must have been worth more than that amount upon its initial purchase  
C. Could have been worth only slightly less than that amount upon its initial purchase  
D. Could have been worth significantly less than that amount upon its initial purchase

263. A charity uses the gift Nancy gives as a part of its purpose. Nancy may make a deduction for the _______ of the gift.

A. fair market value  
B. prorated value  
C. comparative value  
D. fundamental value

264. The grantor of a charitable remainder trust ______ the right to make payments during his lifetime.

A. has  
B. does not have  
C. usually does not have  
D. transfers

265. Esther is the grantor of a charitable remainder trust. What is the gift she is considered to have made to the charity?

A. The present value of the trust payments payable to her  
B. The property given to the trust, plus the present value of the trust payments payable to her  
C. The property given to the trust, minus the present value of the trust payments payable to her  
D. The resulting gift deduction

266. A charitable annuity trust provides a _______ annuity, paid at least ______.

A. fixed; quarterly  
B. variable; quarterly  
C. fixed; annually  
D. variable; annually
267. What is the greatest percent of the value of property placed in a charitable annuity trust that must go to noncharitable beneficiaries?
   A. 1%
   B. 5%
   C. 10%
   D. 25%

268. A charitable annuity trust has an asset value of $100,000. What would be the usual minimum required amount of assets that the charitable annuity trust would be required to pay out as an annuity?
   A. Over $1,000
   B. Over $10,000
   C. Over $25,000
   D. Over $50,000

269. A charitable remainder trust is established into which no new property may be placed. The trust could be:
   A. A charitable annuity trust, only
   B. A charitable unitrust, only
   C. Either a charitable annuity trust or a charitable unitrust
   D. Neither a charitable annuity trust nor a charitable unitrust

270. A charitable unitrust provides a ______ annuity, paid at least ______.
   A. fixed; quarterly
   B. variable; quarterly
   C. fixed; annually
   D. variable; annually

271. What is the greatest percent of the value of property placed in a charitable unitrust that must go to noncharitable beneficiaries?
   A. 1%
   B. 5%
   C. 10%
   D. 25%

272. A charitable unitrust has an asset value of $100,000. What would be the usual minimum required amount of assets that the charitable annuity trust would be required to pay out as an annuity?
   A. Over $1,000
   B. Over $10,000
   C. Over $25,000
   D. Over $50,000
273. Sylvia is the grantor of a charitable remainder trust, which she uses to gift actual property. In creating the trust, Sylvia could have avoided the requirement to pay:

A. Large capital gains taxes
B. Foreign death taxes
C. Prior gift taxes
D. Any taxes at all

274. Megan is the grantor of a charitable remainder trust. She may take an income tax deduction for _______ of a gift made to the trust when the property is transferred.

A. only 10%
B. only 25%
C. only 50%
D. 100%

275. Francisco is the grantor of a charitable remainder trust. Upon his death, property that he gifts to the trust:

A. Will be included in his estate
B. Will not be included in his estate
C. Will be included in his estate if the property is valued at more than $300,000
D. Will be included in his estate if the property is valued at more than $500,000

276. Linda is the grantor of a charitable remainder trust. Upon her death, her husband receives payments that qualify as death transfers. The unlimited marital deduction:

A. Will usually apply to the payments
B. Will not apply to the payments
C. Will apply to the payments only if they are greater than $25,000
D. Will apply to the payments only if they are greater than $100,000

277. A pooled income fund is a charitable remainder trust that is:

A. Maintained by a charity
B. Maintained by at least 10 individuals
C. Maintained by at least 20 individuals
D. Maintained by the U.S. government
278. The income from a pooled income fund set up for a charity is paid to:

A. The charity  
B. The beneficiaries of the trust  
C. The donors of the trust  
D. The charity, the beneficiaries of the trust, and the donors of the trust

279. A pooled income fund is set up for a charity. Who is required to prepare all documents relating to the fund?

A. The charity  
B. The trust beneficiaries  
C. The trust donors  
D. The U.S. government

280. A pooled income fund is set up for a charity. Who is required to prepare all documents and administer the fund?

A. The charity  
B. The trust beneficiaries  
C. The trust donors  
D. The U.S. government

281. A pooled income fund is set up for a charity. The fund ____ allowed to set up rules regarding what kind of property or securities will be accepted, and tax-exempt securities ______ accepted or invested in.

A. is; may not be  
B. is not; may not be  
C. is; may be  
D. is not; may not be

282. A charitable gift annuity is an annuity that is paid by a charitable organization to:

A. A donor, only  
B. A donor’s beneficiary, only  
C. Both a donor and a donor’s beneficiary simultaneously  
D. Either a donor or a donor’s beneficiary

283. Under a charitable gift annuity, the charity promises to pay an annuity in exchange for gifted money or property, which annuity is backed by:

A. The charity’s assets  
B. The deductibility of the annuity  
C. Federal insurance  
D. State subsidized insurance
284. Usually, the amount of the charitable contribution made to a charitable gift annuity is considered to be the amount by which the gifted property is:

A. Greater than the amount of the annuity
B. Less than the amount of the annuity
C. Greater than the amount of the annuity, as multiplied by the Charitable Prorating Factor
D. Less than the amount of the annuity, as multiplied by the Charitable Prorating Factor

285. Under a charitable lead trust, a charity is provided with a(n) _____ income from property transferred to the trust.

A. quarterly  
B. semi-annual  
C. annual  
D. biannual

286. Under a charitable lead trust, a charity is provided with income from property transferred to the trust, while the remainder goes to:

A. The donor, only  
B. The donor’s beneficiary, only  
C. Both the donor and the donor’s beneficiary simultaneously  
D. Either the donor or the donor’s beneficiary

287. Under a charitable lead trust, the basis of the income provided to the charity from the property transferred to the trust could be:

A. A guaranteed annuity amount  
B. A nonguaranteed annuity amount  
C. A variable annuity amount  
D. Either nonguaranteed or variable annuity amount

288. Under a charitable lead trust, the basis of the income provided to the charity from the property transferred to the trust could be a percentage of the __________ of the trust property.

A. fair market value  
B. prorated value  
C. comparative value  
D. fundamental value

289. Life insurance is gifted to a charity. The charity will receive the death proceeds from the life insurance:

A. Along with the full costs of probate  
B. Along with reduced costs of probate  
C. Along with prorated costs of probate  
D. Without the costs of probate
290. Greg makes a very large gift of life insurance to a charity. What is true of his premium payments?
   A. They must be very large as well
   B. They must be moderately large
   C. They could be relatively small
   D. They could be nonexistent

291. If Melinda makes a large gift of life insurance to a charity, she:
   A. May receive an income tax charitable deduction
   B. May not receive an income tax charitable deduction
   C. May receive an income tax charitable deduction only if the life insurance was worth more than $100,000
   D. May receive an income tax charitable deduction only if the life insurance was whole life insurance

292. Paul makes a large gift of life insurance to a charity. When the gift is made, the charity could be named:
   A. As beneficiary of the policy, only
   B. As owner of the policy, only
   C. As both beneficiary and owner of the policy
   D. As neither beneficiary nor owner of the policy

293. Zoe makes a gift of a life insurance policy to a charity. The life insurance policy pays dividends. Those dividends:
   A. May go directly to the charity
   B. May not go directly to the charity
   C. May go directly to the charity only if the policy is valued at more than $100,000
   D. May go directly to the charity only if the policy is a whole life insurance policy

294. A private foundation essentially creates a____________ of charitable giving.
   A. permanent legacy
   B. temporary legacy
   C. variable annuity
   D. fixed annuity

295. Max creates a private foundation for charitable giving by establishing:
   A. A tax-exempt organization to benefit a charity
   B. A limited liability company to benefit a charity
   C. A tax-sheltered annuity fund to benefit a charity
   D. A charity
296. If Sophie creates a private foundation for charitable giving, then she:
   A. May act as the trustee of the foundation
   B. May not act as the trustee of the foundation
   C. May designate, but not act as, the trustee of the foundation
   D. May not designate nor act as the trustee of the foundation

297. If Christopher creates a private foundation for charitable giving, then he:
   A. May designate family members as successor trustees
   B. Must designate family members as successor trustees
   C. May not designate family members as successor trustees
   D. May not designate successor trustees

298. Gerald makes a lifetime gift to a private foundation he created for charitable giving. This lifetime gift:
   A. Provides an income tax deduction for Gerald, only
   B. Provides an income tax deduction for Gerald and his heirs
   C. Does not provide an income tax deduction for Gerald, but does provide an income tax deduction for Gerald’s heirs
   D. Does not provide an income tax deduction to either Gerald or Gerald’s heirs

299. Patricia makes a gift of certain property to a private foundation she created for charitable giving. The gift could be used to:
   A. Partially remove the property from Patricia’s estate, only
   B. Completely remove the property from Patricia’s estate
   C. Completely remove the property from Patricia’s heirs’ estates, only
   D. Completely remove the property from Patricia’s estate and from Patricia’s heirs’ estates

300. A private foundation is established for charitable giving. The foundation is used to:
   A. Contribute to a specific cause, only
   B. Contribute to no more than 3 specific causes, only
   C. Contribute to a broad range of organizations, only
   D. Either contribute to a specific cause, or to a broad range of organizations