

Test Your Estate Strategy Knowledge

Creating an estate strategy is all about helping ensure that your final wishes are carried out in the event of your death and your assets are transferred to your heirs with managing taxes in mind.

How well do you know the fundamentals of estate management? Take our short quiz and see.

1. Probate is defined as:

- a. The legal document that must accompany any will
- b. A court-supervised estate administration process
- c. The assets that a lawyer manages
- d. The untaxed portion of an estate

2. The difference between the probate estate and the gross estate is:

- a. There is no difference
- b. The probate estate consists of only liquid assets
- c. The gross estate holds only assets that have no beneficiary designation
- d. The gross estate consist of all assets

3. A living trust:

- a. Is subject to probate
- b. Avoids estate taxation
- c. By-passes probate
- d. Is no longer permitted

4. What does "income in respect of a decedent" mean?

- a. Income used to respect a decedent's final wishes
- b. An inheritance of taxable income to which a deceased person was entitled
- c. The loss of income due to death
- d. Income that avoids estate taxes

5. Select the two primary ways to avoid probate.

- a. A living trust and beneficiary designation
- b. A beneficiary designation and a will
- c. IRS election to by-pass probate and a living will
- d. None of the above

6. The estate and gift tax exemption for 2017 is:

- a. \$5.45 million
- b. \$250,000
- c. \$3.5 million
- d. \$5.49 million

7. The unlimited marital deduction cannot be used when the surviving spouse is:

- a. Older than the deceased spouse
- b. Is a noncitizen
- c. Dies simultaneously
- d. Can always be used

8. The primary role of an Executor is to:

- a. Carry out will's terms and settle the estate
- b. Make sure that all heirs are fairly treated
- c. Ensure that minor children are cared for
- d. Guarantee that final wishes are carried out

9. You can avoid a taxable gift by:

- a. Making a gift up to the gift tax exclusion amount
- b. Making payments directly to a medical provider or educational institution on behalf of others for qualifying expenses
- c. All gifts are taxable
- d. a & b

Answers

- 1. B
- 2. D
- 3. C
- 4. B
- 5. A
- 6. D
- 7. B
- 8. A
- 9. D

Scoring

- 8-9 Correct: Excellent job!
- 6-7 Correct: Pretty Good.
- 0-5 Correct: Join the club.

Regardless of your score, please consult a professional with expertise in estate management regarding your situation.

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