**Business Law Wills and Estate Planning Test**

Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Hour \_\_\_\_\_\_\_\_\_\_\_\_ Date \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**True/False**

*Indicate whether the statement is true or false.*

\_\_\_\_ 1. If the heirs contest a will during probate, they must prove that the will does not follow state law, that the deceased was not of sound mind, or that someone exerted undue influence.

\_\_\_\_ 2. Term life insurance is very expensive because it is issued for a short period of time.

\_\_\_\_ 3. A person who cannot sign his or her name may make a mark on the will as long as the mark is intended to be a signature.

\_\_\_\_ 4. Children who are intentionally omitted from a parent's will receive nothing from the parent's estate.

\_\_\_\_ 5. Estate planning is important because it is a way to protect your assets before and after death.

**Multiple Choice**

*Identify the choice that best completes the statement or answers the question.*

\_\_\_\_ 6. Beneficiaries have the right to

|  |  |
| --- | --- |
| a. | be notified when a will is probated. |
| b. | make decisions about the living will. |
| c. | make medical directives for the person creating the will. |
| d. | a durable power of attorney. |

\_\_\_\_ 7. A spendthrift trust is designed to protect the assets from being spent recklessly by the

|  |  |  |  |
| --- | --- | --- | --- |
| a. | executrix. | c. | beneficiary. |
| b. | court. | d. | trustee. |

\_\_\_\_ 8. The main purpose for creating trusts is to

|  |  |  |  |
| --- | --- | --- | --- |
| a. | provide a living will for the beneficiary. | c. | validate a complex will. |
| b. | avoid taxes. | d. | help people provide for their children. |

\_\_\_\_ 9. In Indiana, a surviving spouse who does not agree with the deceased spouse’s will

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| --- | --- |
| a. | may claim up to $25,000 regardless of what the will said. |
| b. | may apply for homestead protection. |
| c. | is generally not met with favor by the courts. |
| d. | may not petition to take a different portion of the estate. |

\_\_\_\_ 10. Burning, tearing, or canceling a will on purpose will cause it to be

|  |  |  |  |
| --- | --- | --- | --- |
| a. | in executrix. | c. | revoked. |
| b. | probated. | d. | in codicil. |

\_\_\_\_ 11. For property insurance, insurable interest must exist at the time of the loss. For life insurance, insurable interest must exist

|  |  |
| --- | --- |
| a. | at the time you buy the insurance. |
| b. | at the time you use the insurance. |
| c. | one month prior to buying the insurance. |
| d. | within 48 hours after buying the insurance. |

\_\_\_\_ 12. One example of a retirement plan for self-employed people and their employees is a(n)

|  |  |  |  |
| --- | --- | --- | --- |
| a. | Keogh plan | c. | Roth IRA |
| b. | ARI plan | d. | SEP |

\_\_\_\_ 13. To be valid, a will must

|  |  |
| --- | --- |
| a. | contain a codicil and an executor, and be signed. |
| b. | be published, attested, and signed. |
| c. | be published, attested, and filed in court. |
| d. | be published and signed. |

\_\_\_\_ 14. If someone dies intestate, his or her personal property will be distributed according to the

|  |  |
| --- | --- |
| a. | federal guidelines. |
| b. | wishes of the surviving spouse or children. |
| c. | wishes of the court. |
| d. | laws of the deceased’s home state. |

\_\_\_\_ 15. A living will is also considered a

|  |  |
| --- | --- |
| a. | trust to protect marital assets. |
| b. | way to avoid probate. |
| c. | special power of attorney. |
| d. | will created to distribute assets while still alive. |

**Matching**

*Match each term with its definition.*

|  |  |  |  |
| --- | --- | --- | --- |
| a. | insurance | f. | straight life insurance |
| b. | trustee | g. | probate |
| c. | beneficiary | h. | property insurance |
| d. | testamentary intent | i. | premium |
| e. | medical directive | j. | executor/executrix |

\_\_\_\_ 16. The intention that a document is created to be a last will and testament

\_\_\_\_ 17. The party who is named in the policy to receive benefits paid by the insurer in the event of a loss

\_\_\_\_ 18. Can be purchased on homes, cars, boats and other personal items

\_\_\_\_ 19. The amount of money someone pays for insurance coverage

\_\_\_\_ 20. The court supervises this validation of a will

\_\_\_\_ 21. An agreement in which one party compensates another for any losses

\_\_\_\_ 22. Requires the payment of premiums until the face value is reached or the insured is deceased

\_\_\_\_ 23. The person designated in the will to carry out its terms

\_\_\_\_ 24. A person who holds title to the property for another’s benefit

\_\_\_\_ 25. Allows an appointed attorney-in-fact to make decisions about the grantor’s medical care

**Short Answer**

 26. Explain what a living will does and who may want a living will?