

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.
 - b. court.
 - c. beneficiary.
 - d. trustee.
- _____ 8. The main purpose for creating trusts is to
 - a. provide a living will for the beneficiary.
 - b. avoid taxes.
 - c. validate a complex will.
 - d. help people provide for their children.
- _____ 9. In Indiana, a surviving spouse who does not agree with the deceased spouse's will
 - 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.
 - b. probated.
 - c. revoked.
 - 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
 - b. ARI plan
 - c. Roth IRA
 - 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?