

## **Chapter 1 : The Concepts and Fundamentals of Estate Planning**

### **Self Assessment**

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1. In Estate Planning there are many views and approaches taken. Which of the following is not true?
  - A. It is common for many Malaysians to avoid estate planning
  - B. Writing a Will is adequate for estate planning purposes
  - C. People generally tend to avoid estate planning because it is a complex subject.
  - D. Preservation of the estate is a key objective in estate planning
  
2. The various steps in the process of estate planning ensure that all issues are covered. Which of the following sequence in the process is correct?
  - A. Set Objectives – Gather information – Implement – Develop a plan – Review
  - B. Set Objectives – Gather information – Review – Implement – Develop a plan
  - C. Gather information – Set Objectives – Review – Implement – Develop a plan
  - D. Set Objectives – Gather information – Develop a plan – Implement – Review
  
3. The following statement(s) is/are not correct:
  - I. Accumulation, Conservation and Distribution are issues that a person needs to address in his life-time.
  - II. Assets held in joint names are not considered as part of the estate of a deceased co-owner.
  - III. Debts, royalties and rights to compensation damages are included in an estate of a deceased.
  - A. I only
  - B. II only
  - C. III only
  - D. All the above

4. There are many purposes of estate planning, which of the following statement(s) is/are correct?
- I. Ensure liquidity for cost of transfer fees and expenses
  - II. Assets are sufficient to meet objectives
  - III. Minimise depleting the value of assets
- A. I only
- B. II only
- C. III only
- D. All the above
5. Included in the several phases of estate planning are various considerations. Which of the following is not correct?
- A. Ensure that a desired lifestyle is definitely possible
- B. Wealth creation is the logical start for estate planning
- C. Life insurance helps in wealth creation
- D. Estate shrinkage can be due to unpaid income taxes
6. Upon death, the property of a deceased estate owner passes to other in a number of ways. Which of the following is/are correct?
- A. By validating the will through the courts
- B. By assignment of title of immovable assets
- C. By mechanism of survivorship
- D. All the above
7. During the Implementation stage of the estate plan, which of the following is not important?
- A. Execution of all necessary legal documents
- B. Ensure marital stability and family harmony
- C. Provide for liquidity emergencies
- D. Objectives of estate owner and mechanisms must be consistent

8. Concerning ownership of property, which statement is not correct?
- A. Under term interest, the right to process, use and derive income ceases at the end of the term
  - B. The holder of an unlimited interest in the property has outright ownership
  - C. Participants in a tenancy in common have survivorship rights
  - D. Participants in a joint tenancy have survivorship rights
9. The following statements are about objectives of an estate plan. Which of the statement(s) is/are correct?
- I. The ultimate purpose of an estate plan is to facilitate the transfer of beneficial interest of the assets to the trustees
  - II. It is important to understand the needs of each beneficiary in order to match the most appropriate distribution item.
  - III. Beneficiaries need to await completion of the probate or administration process before receiving the distribution.
- A. I and II only
  - B. II and III only
  - C. I and III only
  - D. All of the above
10. Which one of the following is not an Estate Planning tool.
- A. Will
  - B. Trust
  - C. Tenancy Agreement
  - D. Power of Attorney

Answers: 1-B, 2-D, 3-B, 4-D, 5-A, 6-D, 7-B, 8-C, 9-B, 10-C

