

**WILLS and TRUSTS**

**FINAL EXAMINATION**

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**Instructions**

1. This is a **closed book** examination. No materials are allowed.
2. You have **two (2) hours** to complete this exam.
3. This exam consists of 30 multiple-choice questions and one essay question. The multiple-choice section will account for one-half (1/2) of your final grade, and the essay question the other one-half (1/2).
4. Use only your **exam number** on the ParSCORE answer sheet and on the blue books. **Do not use your name, social security number or student id number on any exam materials.**
5. Apply California law in answering the multiple-choice questions, unless the question asks otherwise. I suggest that you devote no more than 60 minutes to answering the multiple-choice questions. If you have time, you can go back to the multiple-choice section of this examination after answering the essay question. Mark your answers to the multiple-choice section of the exam on the ParSCORE answer sheet provided, not on the exam itself.
6. In grading the essay question considerable weight is given to the organization of your answer. I therefore suggest that you devote time to analyzing and outlining your answer before you begin writing. Your answer should be directed to an intelligent person who is NOT expert in the area of wills and trusts.
7. In answering the essay question, if you believe that any material fact is lacking, state explicitly the assumption of fact you are making in answering the question and why it is necessary to make such an assumption. Do not assume facts that will preclude the discussion of possible issues.
8. Assume all parties resided in California, unless the question provides otherwise.

9. Write clearly or if you cannot write clearly, write on every other line. Use only one side of each sheet of paper.
10. At the conclusion of the exam, return all test materials, including blue books, scratch paper, the ParSCORE answer sheet, and this exam question packet to the envelope and submit it to the proctor.

### QUESTION ONE

In 1975, Hal and Wanda married, both for the first time. Hal had one child, Bruce, from his prior relationship; Wanda was childless. When they married Hal had just completed his MBA and had no assets to speak of; Wanda was independently wealthy, having inherited a small fortune from her mother.

Shortly after they married Hal executed a will, leaving 20% of his estate to his son Bruce and the rest of his estate to Wanda.

The couple lived in Ohio (a separate property jurisdiction), where Hal worked, first as a junior and later as a senior executive for Proctor and Gamble. Wanda has never worked outside the home. In 1980 Wanda gave birth the couple's only child, a daughter named Daisy, who in 2000 married a man Hal disapproved of and since then Hal has had very few dealings with his daughter. While living and working in Ohio, Hal acquired a large stock portfolio, purchasing stock with money saved from his earnings. Hal retired in 2002 and the couple moved to California.

Soon after moving to California, Hal established two revocable trusts, funding each trust with half of his stock holdings. HAL TRUST ONE named Wells Fargo trustee and provided that the trustee was to distribute income annually to Hal, Wanda, or Bruce as the trustee in the trustee's uncontrolled discretion deemed best. On Hal's death the corpus of the trust was to be distributed to Bruce. Since the trust was established, the trustee has been making income distributions only to Bruce.

HAL TRUST TWO also named Wells Fargo as trustee and provided that income from this trust be distributed annually to Joy, Hal's former secretary with whom he has maintained very close ties. When Hal died this trust was to terminate and the corpus was to be paid outright to Joy. Last year Hal relinquished his right to revoke this trust.

Hal has recently died. Each trust contains assets worth about \$500,000. In addition Hal's estate consists of a car purchased with pension funds he has been receiving from Proctor and Gamble and \$40,000 saved from these pension payments.

What are the rights of all of the parties named to share in the trust assets and in the assets of the trusts Hal established?

How would your answer differ if Hal died in a car accident? Assume Hal has been found to be at fault and that the party injured in the car accident obtained a multi-million dollar verdict against Hal.

**END OF EXAM**