

# The Basics of Inheritance | Worksheet



## Matching

Match the definition in Column A with the term in Column B.

### Column A

- \_\_\_\_\_ Legal management of assets on behalf of a beneficiary.
- \_\_\_\_\_ A person entitled to assets from a deceased person.
- \_\_\_\_\_ Legal process to validate and execute a will.
- \_\_\_\_\_ Designated recipient of assets from a will or trust.
- \_\_\_\_\_ Total assets and liabilities left by a deceased person.

### Column B

- a. Beneficiary
- b. Estate
- c. Heir
- d. Probate
- e. Trust

## Multiple Choice

1. **What is the main difference between a will and a trust?**
  - a. A will is effective during the individual's lifetime, while a trust takes effect after death.
  - b. A will distributes assets directly to beneficiaries, while a trust designates a trustee to manage assets for beneficiaries.
  - c. A will is a legally binding document, while a trust is an informal arrangement.
  - d. A will is subject to probate, while a trust bypasses the probate process.
2. **How are assets typically distributed to beneficiaries in a will?**
  - a. Immediately after the individual's death
  - b. After a probate court evaluates the assets
  - c. Through a trustee designated by the grantor
  - d. According to the preferences outlined in the trust document
3. **What happens to an individual's debt after their death?**
  - a. It is automatically forgiven.
  - b. It becomes the responsibility of the beneficiaries.
  - c. The state pays it off.
  - d. It is the responsibility of the individual's estate.
4. **Why is seeking professional advice recommended when managing an inheritance?**
  - a. To ensure the inheritance is distributed equally among beneficiaries.
  - b. To minimize taxes on inherited assets.
  - c. To avoid impulsive decisions and mismanagement of wealth.
  - d. To expedite the probate process and transfer assets to beneficiaries.

## Application

Imagine you have inherited \$42,000 from a relative. How would you strategically manage this inheritance to ensure long-term financial stability and achieve your financial goals? Outline your plan, including specific steps you would take to allocate the funds, such as saving, investing, charitable giving, or any other financial decisions you would make. Justify your choices based on the principles of inheritance management discussed in class and explain how your plan aligns with your personal financial goals and values.



## The Basics of Inheritance | Answer Key

### Matching

Match the definition in Column A with the term in Column B.

#### Column A

- e. Legal management of assets on behalf of a beneficiary.
- c. A person entitled to assets from a deceased person.
- d. Legal process to validate and execute a will.
- a. Designated recipient of assets from a will or trust.
- b. Total assets and liabilities left by a deceased person.

#### Column B

- a. Beneficiary
- b. Estate
- c. Heir
- d. Probate
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### Multiple Choice

#### 1. What is the main difference between a will and a trust?

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#### 2. How are assets typically distributed to beneficiaries in a will?

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#### 3. What happens to an individual's debt after their death?

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#### 4. Why is seeking professional advice recommended when managing an inheritance?

- a. To ensure the inheritance is distributed equally among beneficiaries.
- b. To minimize taxes on inherited assets.
- c. To avoid impulsive decisions and mismanagement of wealth.
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### Application

Responses will vary depending on the student. Evaluate responses for a comprehensive understanding of the basic principles of financial management of a large sum of money considering the following factors:

Savings, Investing, Charitable Giving, Spending, and Values.