

MCLE SELF-STUDY

HOW BULLETPROOF ARE SPENDTHRIFT TRUSTS? BY CORRINE BIELEJESKI

MCLE SELF-STUDY TEST

- 1 All trusts have spendthrift provisions.
 True False
- 2 California generally allows spendthrift trusts.
 True False
- 3 A spendthrift trust is a trust with a provision
 True False
- 4 Which California Code contains the rules regarding spendthrift trusts?
a. Civil c. Probate
b. Civil Procedure d. Trusts
- 5 Which Code Section contains a 25% cap on a creditor's reach?
a. § 15301(b) c. § 15306
b. § 15305 d. § 15306.5
- 6 Which Code Section may be used by a judgment creditor to reach payments of principal?
a. § 15301(b) c. § 15306
b. § 15305 d. § 15306.5
- 7 Which case held that a bankruptcy trustee could only reach 25% of a spendthrift trust?
a. *In re: Neuton*
b. *Carmack v. Reynolds*
- 8 When a debtor files a bankruptcy, the bankruptcy estate generally includes all of the debtor's assets.
 True False
- 9 The bankruptcy estate generally contains at least some of the debtor's interest in a spendthrift trust.
 True False
- 10 A bankruptcy debtor may not attempt to exclude or exempt their interest in a spendthrift trust.
 True False
- 11 The debtor in the Reynolds case listed and exempted his interest in a spendthrift trust when he filed his Chapter 7 case.
 True False
- 12 Chapter 7 trustees would prefer to reach more of a spendthrift trust, in order to pay the Debtor's creditors.
 True False
- 13 The California Supreme Court in *Carmack v. Reynolds* ruled that the bankruptcy estate includes all principal currently due and payable to the debtor and 25% of all future payments, with no exceptions.
 True False
- 14 A bankruptcy trustee can now potentially reach all of the debtor's interest in a spendthrift trust.
 True False
- 15 Chapter 7 bankruptcy trustees will likely be more aggressive in going after spendthrift trusts now.
 True False

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