

Question # 1

In 1996, Hal, married to Wanda, created a trust that he funded with \$200,000 of his separate property. Trustee Inc., named as trustee, was directed to pay the income to Hal for life and the remainder to Wanda. At the same time, Hal executed a valid will that provided as follows:

Article 1: \$20,000 to my friend Frank.

Article 2: \$35,000 to the person named on a sheet of pink paper dated December 31, 1989 and located in my top desk drawer.

Article 3: The residue of my estate to my son, Stan.

In 1998, Wanda executed a valid will solely in favor of her son, Stan. Shortly thereafter, Wanda died while giving birth to the couple's second child, Dawn.

Later in 1998, while grieving Wanda's death, Hal regularly consulted fortuneteller, Florence. In 1999, based on Florence's predictions that Stan would become a criminal, Hal executed a codicil to his 1996 will, changing the residuary beneficiary from Stan to Florence.

In 2000, Hal and Frank, passengers on a commercial plane, were simultaneously killed when the plane exploded on takeoff. The pink sheet of paper referred to in Article 2 of the 1996 will provided: "To my next-born child, if any."

1. To whom should the trust property be distributed? Discuss.
2. To whom should Hal's estate be distributed? Discuss.

Answer according to California law.

Wills and Trust Model Answer Question # 1

1. To whom should the trust property be distributed? Discuss

Creation of Trust

Inter vivos trust

An inter vivos trust is a trust created during the settler's lifetime which requires intent to create, delivery of the res, a proper purpose, trustee and ascertainable beneficiaries.

Intent

The settlor must have a present manifestation of intent to make a trust.

Hal created a trust funded with \$200,000 of his separate property. His action of creating the trust shows his manifestation to make a trust establishing his intent. Therefore, Hal has the required intent in order to form a trust.

Trust Purpose

The legal purpose for the trust must not be against public policy.

The legal purpose for the trust was to provide for Hal for life and the remainder to his wife, Wanda. Thus, the trust is not against public policy, as such, the trust has a proper purpose.

Res

The res is any presently existing interest in property that can be transferred.

Hal funded the trust with \$200,000 from his separate property. Therefore, the res is satisfied.

Trustee

Hal named Trustee Inc. as trustee. Thus, there is a trustee.

Beneficiary

A beneficiary is any ascertainable person or group of people.

Hal set up the trust for himself for life and the remainder to Wanda. Therefore, they are ascertainable beneficiaries.

Therefore, the beneficiaries of the trust are Hal and Wanda.

Lapse

When a devisee/legatee dies after a testator executes his will or trust but before the testator dies, the gift lapses (fails) in the absence of testamentary or statutory intent to the contrary.

Wanda was to receive the remainder of the trust after Hal died. However, Wanda died while giving birth to her second child Dawn. Since Wanda predeceased Hal, the gift would lapse. Therefore, in the absence of an anti-lapse statute, the residue of the trust would pass via intestate succession and most likely go to Stan under the terms of the will.

Anti-Lapse

In California, the anti-lapse statute applies only if the devisee who predeceased the testator was kindred of the testator. Issue of a deceased devisee takes in his place.

Dawn and Stan are kindred to Wanda since they are her son and daughter. Dawn and Stan are considered a lineal descendant of Wanda, and they will inherit her devise. Thus, Hal's remainder in the trust should pass to Dawn and Stan.

Therefore, Dawn and Stan will receive the remainder of Hal's trust.

Resulting trust

Hal's son Stan would argue that Wanda's death created a resulting trust that caused the remainder to revert back to Hal's estate. Resulting trust are imposed by the courts in an attempt to achieve the intent of the settler. Hal created the trust with Wanda being the remainderman under the trust in order to provide for her after his death. Since Wanda died before Hal his intent in creating the trust in order to provide for her once she died has ceased. The court will create a resulting trust and have the assets in the trust disposed of by the terms of Hal's will.

2. To whom should Hal's estate be distributed? Discuss.

Article 1- The \$20,000

Simultaneous Death

Where order of death cannot be established by clear and convincing evidence, the property of each person shall be disposed of as if she had survived the other person unless the decedent provides otherwise by will.

Based on the facts Hal and Frank were passengers on a commercial plane which exploded and killed them. Hal and Frank were killed instantly in a plane explosion. Since the

order of death cannot be determined the court will presume that Frank died prior to Hal since the will in question is disposing of Hal's property.

Therefore, under the Simultaneous Death Doctrine, Frank predeceased Hal.

Lapse

Defined supra.

Frank predeceased Hal. When a beneficiary predeceases the settlor then the gift lapses and falls back into the residuary clause.

Based on the facts Hal and Frank were passengers on a commercial plane which exploded and killed them. Hal and Frank were killed instantly in a plane explosion. Since the order of death cannot be determined the court will presume that Frank died prior to Hal. Therefore, the \$20,000 given to Frank in Hal's will lapses.

Anti Lapse

Defined supra

Frank is only a friend and not a lineal descendant. Therefore, anti lapse does not apply.

Distribution

Therefore the \$20,000 will fall into the residue.

Article 2: \$35,000 to person on Pink sheet

Integration

In order to integrate a document into a will, you must have the testator's intent and the document must be present at the time the will is executed.

Article 2 of Hal's will provides that \$35,000 is to go to the person named on a sheet of pink paper dated December 31, 1989, and located in my top desk drawer. Based on the language on the note Hal had the intent to integrate the pink paper. However, there is no evidence the pink paper was present at the time when the will was executed.

Therefore, integration is not applicable.

Incorporation by Reference

In order to incorporate a document by reference it must 1) be in writing, 2) be in existence at the time of the will, 3) clearly be described in the will, and 4) be the intent of the testator.

Article 2 of Hal's will provides that \$35,000 is to go to the person named on a sheet of pink paper dated December 31, 1989, and located in my top desk drawer. There was a pink piece of paper in the draw where the will stated it would be. Thus, the pink sheet of paper is incorporated by reference. The pink paper was a writing. The will was executed in 1996 and the paper was dated 1989. Since the writing was in existence at the time the will was executed, it will be incorporated.

The writing was clearly described in Hal's will. It was described as a pink piece of paper located in the top desk drawer. It was Hal's intent to incorporate the pink piece of paper into his will.

Thus, since it is established that the paper was in existence at the time the will was executed incorporation by reference will allow the pink paper to define the beneficiary of the \$35,000.

Therefore, Article 2 will be valid and should go to Hal's next born child if any. Since Dawn was the next born child, the \$35,000 will go to her.

Facts of Independent Significance

A court will allow into evidence to interpret a meaning in a will by reference to an act or event which has significance apart from the will.

The pink paper states "To my next-born child, if any." This would not likely be construed as a fact of independent significance since the document has no individual purpose other than naming a beneficiary to the will.

Therefore facts of independent significance will not allow the pink paper in as extrinsic evidence to identify the beneficiary.

Article 3- The Residue

Codicil giving residue to Florence

In 1999, Hal executed a codicil changing the residuary beneficiary from Stan to Florence; Stan will argue that this codicil is not valid because it was obtained by undue influence.

Undue Influence

In order to prove undue influence, it must be established that: 1) Confidential relationship; 2) the testator was susceptible; 3) the wrongdoer actively participates; 4) the wrongdoer benefits; and 5) there is an unnatural disposition of property.

Hal was seeing Florence because she was his fortuneteller who he was seeing as a result of grieving over his wife's death, thus they were in a confidential relationship. Hal while grieving Wanda's death regularly consulted, Florence, the fortuneteller. Hal was susceptible because of his grievance for his wife. Florence told Hal that Stan would become a criminal. Based on her

predictions Hal changed his 1996 will, changing the residuary beneficiary from Stan to Florence. Therefore, Florence actively participated. Florence wrongfully acted and benefited by Hal's codicil. A person does not usually leave their residue of their estate to a fortuneteller. Further, Hal's actions of changing his will resulted based on Florence's predictions. This is an unnatural disposition of property.

Therefore, the codicil is invalid because of undue influence.

Pre-termitted Child

When a child is born after a will is executed, she will be entitled to his intestate share.

Dawn was born in 1998. This was after Hal had executed his will in 1006. Therefore, Dawn may argue that she should receive her intestate share.

Exceptions

Under certain circumstances a pre-termitted child will not be entitled to their intestate share.

If a codicil republishes a will after the pre-termitted child is born, the court may rule that it was the intent of the testator not to provide for that child. Hal executed a codicil that did not name Dawn as a beneficiary. However, Dawn will argue that the codicil was not valid since it was obtained by undue influence. A pre-termitted child will be entitled to an intestate share if she is not provided for in the will.

Dawn would receive her intestate share based on the pre-termitted child doctrine.

Question # 2

Hank and Wendy are residents of California. Hank is a teacher and Wendy is an accountant.

In 2008, Hank and Wendy married. After their wedding, Wendy's mother deeded them a house as joint tenants. They moved into the house and used their earnings to furnish it in a lavish style, including an antique mirror in the entryway. One day, Hank gave the mirror to a friend who had admired it on a visit to the house.

In 2012, Wendy purchased a small office building where she established her own accounting practice. She paid for the building with funds saved from her earnings during her marriage and took title in her name alone.

In 2013, Hank and Wendy separated. Hank told Wendy that the house was henceforth her separate property and she said, "O.K."

After the separation, Wendy's income from the accounting practice tripled and she remodeled the office building with her increased earnings. Without Hank's knowledge, she then sold the building to Bob, who did not know that she was married.

In 2014, Wendy initiated dissolution proceedings.

1. What are Wendy's rights, if any, as to the antique mirror? Discuss.
2. What are Hank's and Wendy's rights, if any, as to the following:
 - a) The house? Discuss.
 - b) The accounting practice? Discuss.
 - c) The office building? Discuss.

Answer according to California law

Community Property Model Answer Question # 2

1. What are the Wendy's rights, if any, as to the antique mirror? Discuss.

The Mirror

Community Property presumption

The general presumption is that all property acquired by either spouse during the marriage, real or personal, is Community property.

Hank and Wendy are residents of California. California is a community property state. After their wedding Wendy and Hank moved into a house that Wendy's mother deeded to them and used their earnings to furnish the house with lavish style furnishings including an antique mirror. All earnings made while married are community property. Since the earnings were used to make the purchase of the antique mirror, the mirror was purchased with community property. There are no facts to indicate that the parties changed the character of the mirror and therefore the CP presumption is controlling.

Thus, the antique mirror is community property.

The Exchange Rule

A change in the form of property does not change its status.

Wendy and Hank used their earnings to furnish to purchase the antique mirror. The purchase was made with funds previously characterized as community property. The antique mirror would be characterized in the same manner as the funds used for their purchase. Changing the form of money to an antique mirror does not change the status of the property itself.

Therefore, based on the exchange rule, the antique mirror will remain as community property.

Third Party Rights

Neither spouse can make a gift of community property to a third party without the other spouse's written consent. During marriage, a non-consenting spouse may set aside the entire transfer of the household property to a third person or up to one-half after the marriage ends.

Hank gave the mirror to a friend who had admired it on a visit to the house. Since Wendy was unaware of the gift, it was made without her written consent.

Because the community has an interest in the antique mirror and Wendy is a non-consenting spouse, Wendy may either set aside the gift entirely or disaffirm the gift and seek reimbursement.

Distribution

Therefore, Wendy may be reimbursed for half the value of the antique mirror or set aside the transfer.

2. What are Hank's and Wendy's rights, if any, as to the following:

a) The House? Discuss.

Community Property

Community property is all property, real or personal, wherever situated acquired by a married person during marriage while domiciled in California.

Hank and Wendy were validly married in 2008 in California, a community property state. After their marriage, Wendy's mother deeded them a house as joint tenants. Hence, the house was acquired during their marriage. Thus, the house is community property. Wendy will argue that the house is her separate property since the house was given as a gift from her mother. The facts state that Hank and Wendy were deeded the house in their names as joint tenants. Taking title to the house in joint tenancy is inconsistent with intent to retain separate property interests. Absent a written statement at the time of conveyance showing Wendy's mother's intent to keep the house as Wendy's separate property, the court will view the house as community property.

Therefore, the house is community property.

Joint Tenancy- Presumption

Upon dissolution, joint tenancy residences are presumed to be community property.

Title to the house was taken as joint tenants. This transaction occurred in 2008 after Hank's and Wendy's wedding. The law at this time stated that a single family residence held in joint tenancy would be presumed to be community property absent an agreement to the contrary (**Marriage of Lucas.**)

The facts do not indicate any type of oral or written agreement that the house, since it was given as a gift from Wendy's mother, would remain separate property. The marriage dissolution proceedings were filed in 2014, absent an oral/written agreement, the house would be deemed to be community property. Merely tracing that the house was received from Wendy's mother as a gift would not be sufficient to rebut the form of title presumption.

Transmutation

A transmutation occurs when there is intent to change the status of property. Effective 1985, an express writing is required.

Wendy will contend that when Hank told her that the house was henceforth her separate property, and she said O.K. Hank's statement demonstrated his intent to change the status of the

house from community property to the separate property of Wendy's.

However, Hank's statement was oral. An express writing is required post 1985 in order to find a valid transmutation. Therefore, no transmutation exists. Thus, the status of the house will remain community property.

Distribution

The house appears to be a community property asset. It should be divided equally between Wanda and Hank.

b) The accounting practice? Discuss.

Community Property

Community property is all property, real or personal, wherever situated acquired by a married person during marriage while domiciled in California.

Hank and Wanda were validly married in 2008 in California, a community property state. The account practice was established in 2012. Thus, the account practice was acquired during marriage. The time, energy and skill performed by a spouse during marriage is community property.

Therefore, the accounting practice is one-half community property.

Post-Separation Earnings

All earnings accumulated after separation, with no intent to reconcile, is separate property.

Wendy separated from Hank in 2013 with no intent to reconcile. It was after the separation that her accounting practice tripled.

Thus, since these accumulations were earned after separation, they would be her separate property.

Distribution

The tripled income from the accounting practice is Wendy's separate property.

c) The office building? Discuss.

Community Property

The general presumption is all property acquired during marriage is community property.

However, the presumption can be rebutted. Since Wendy took title to the property in her name alone, she will argue that the office building is her separate property. Under California law, there is a form of the title presumption, which holds that the holder of record title to a property is presumed to be the true owner. In this case, Wendy will argue that the property is hers because she took title in her name alone, and therefore the form of the title prevails.

However, in order for the form of the title presumption to apply, the title must itself have evidentiary value. In this case, the title may not prevail, because there are no facts to indicate that Hank agreed to her taking title in her name alone. Wendy may argue that since the office was purchased with CP earnings, the community made a gift to her and she could take the property as her SP. However, there are no facts to support this. There is no evidence to show that Hank knew that she took title in her name alone, let alone that he agreed for her to do so. Therefore, the title will not be controlling. Since the property was acquired with CP funds, the property will be considered community property.

Separation

When a husband and wife separate, with no intention to reconcile, then any property or earnings acquired during the separation would be the acquiring spouse's separate property.

Therefore, Hank would not have an interest in Wendy's property earnings after 2013.

Separate Efforts Contributed To A Community Property Business

A spouse's labor while living separate and apart is separate labor generating separate gains but separation does not convert community property to separate property.

Hank and Wendy separated in 2013 with no intent to reconcile. The office building is a community property business, since it was purchased with Wendy's earnings while married. After separation, the office building increased in value based on the facts that Wendy used her increase in income to remodel the office building. Wendy's efforts and labor were the chief contributing factors for this increase. Thus, since the additional increase accrued after separation as a consequence of Wendy's separate property, her income and labor while living separate and apart from Hank, the community receives the business value at the time of separation plus a reasonable rate of return and the balance is Wendy's separate property (**Reverse Pereira.**)

Hank will rebut that the office building had been operating from 2012, for a total of three years by the time the dissolution was filed in 2014. The nature of an office building is such that past efforts usually result in future profits. The original community property capital and past efforts expended by Wendy during marriage were responsible for the present value of Wendy's practice at the time of trial. Since the efforts expended by Wendy during marriage were the basis for the value of the office building at time of trial, Hank is entitled to a portion of that increased value (**Reverse Van Camp**). Wendy receives a reasonable salary (less any salary withdrawn or business profits used for her post separation expenses) and the balance is community property.

Typically, the court will consider whether the separate or community contributions were the chief factor contributing to the gain. This gain must be apportioned and the court will adopt the

formula that best reflects whether the gains were a result of separate or community labor.

If Wendy's separate labor was the chief contributing factor, Reverse Pereira should be used to calculate apportionment any increase in the office building after the remodel.

If the capitol itself was the chief contributing factor, Reverse Van Camp would be used if the gain was relatively large and Reverse Pereira would be used if the gain is deemed small.

In this instance, there are no dates to determine how much time elapsed between the date of separation and the date of trial. It was during this time that the office building increased. Therefore, there is no way to determine whether the increase resulted from the existing community business capitol or Wendy's efforts.

However, logically speaking, remodeling an office building is a personal service, labor intensive type of enterprise. The personal skills of the practitioner are generally required to generate income and business gains. Therefore, it can be argued that the increase in the value of the law office building after separation was more a result of Wendy's personal labor after separation rather than a result of the existing community business capitol. On this basis, the community would receive a fair return on the capitol investment. The balance of profit is allocated to the separate property of Wendy. (Reverse Pereira).

Distribution

The additional increase in the office building will divided according to Reverse Pereira.

Question # 3

Hank and Wendy married, had two children, Aaron and Beth, and subsequently had their marriage dissolved.

One year after dissolution of the marriage, Hank placed all his assets in a valid revocable trust and appointed Trustee. Under the trust, Trustee was to pay all income from the trust to Hank during Hank's life. Upon Hank's death, the trust was to terminate and Trustee was to distribute the remaining assets as follows: one-half to Hank's mother, Mom, if she was then living, and the remainder to Aaron and Beth, in equal shares.

Trustee invested all assets of the trust in commercial real estate, which yielded very high income, but suffered rapidly decreasing market value.

Hank, who had never remarried, died three years after establishing the trust. At the time of his death, the trust was valued at \$300,000. Subsequently, it was proved by DNA testing that Hank had another child, Carl, who had been conceived during Hank's marriage to Wendy, but was born following dissolution of the marriage. Wendy, Carl's mother, had never told Hank about Carl.

Wendy, Mom, Aaron, Beth, and Carl all claim that he or she is entitled to a portion of the trust assets.

1. At Hank's death, what claims, if any, do the trust beneficiaries have against Trustee? Discuss.
2. How should the trust assets be distributed? Discuss. Answer this question according to California law.

Trust Model Answer Question # 3

1. At Hank's death, what claims, if any, do the trust beneficiaries have against Trustee? **Discuss.**

Creation of the trust

Based on the facts Hank one year after his dissolution of marriage created a valid revocable trust which was to pay all of the income to Hank for life and upon his death the trust was to terminate and the remaining assets were to be divided ½ to his mother, if she was still living, and the remaining divided up equally to his children Aaron and Beth.

Therefore a valid inter vivos trust was created.

Trustee authority

A trustee has express authority and/or implied authority to carry out the trust purpose.

The trust states to pay the income from the trust to Hank for life, and then the remaining assets to be distributed to Mom, Aaron and Beth. The trustee holds title to assets for the benefit of the beneficiaries, and owes them the duty to invest and protect their interest.

Fiduciary Duty of Due Care – Prudent investment

Pursuant to the prudent investor rule, a trustee has a fiduciary duty to use good faith and reasonable prudence to invest the trust res to benefit the trust.

The trust instrument required that the trustee was to pay all of the trust income to Hank during his lifetime and upon Hank's death, the corpus was to be distributed ½ to Mom, if she was living at the time and the remainder to his children Aaron and Beth. Therefore, Trustee, was required to use good faith and reasonable prudence when investing the res so that income would be generated for the benefit of both the income beneficiary, Hank, and the remainderman, Mom, Aaron and Beth.

When Trustee received the res from Hank, Trustee invested all of the trust res in commercial real estate. By investing all of the res in commercial real estate this yielded a very high income for the income beneficiary, but the investment suffered a rapidly decreasing market value. Trustee did not diversify and invest in other investments that would yield a return for the remaining beneficiaries under the trust and thus, has violated the duty to invest because all the trust assets were invested in real estate. Trustee failed to use good faith and to be reasonably prudent as any reasonable person would do with his own money in not investing and looking out for the interest of the remainder beneficiaries under the trust.

Therefore, it appears that Trustee breached the fiduciary duty of due care.

Remedies

A trustee's violation of the duty of care renders the trustee personally liable to the beneficiaries for any loss resulting from the improper investment.

The beneficiaries may sue Trustee personally for the loss in market value for the investment in the commercial real estate.

Breach of the duty of loyalty

A trustee, under a trust, owes the beneficiaries a duty of loyalty to invest the trust res that would benefit all beneficiaries under the trust.

Trustee invested all the trust assets in commercial real estate, which yielded a very high income, which went to Hank as the income beneficiary. Since commercial real estate rapidly decreases in market values there will be little principal left for the remaining beneficiaries, Mom, Aaron and Beth. Thus, Trustee violated the duty of loyalty to the remainder beneficiaries.

Thus, Trustee breached the duty of loyalty.

Remedies

Defined and discussed supra.

Duty of Loyalty to Residuary Beneficiaries

When a trust is divided between an income beneficiary and a remainder beneficiary, the trustee owes a duty of loyalty to fairly protect the interests of both beneficiaries. The trustee can't make investments solely for the benefit of the income beneficiary, and at the detriment of the remainder beneficiary.

Trustee invested all of the trust res into commercial real estate. Trustee's action of investing in the commercial real estate favored the income beneficiary over the other beneficiaries and is a violation of the trustee's duty. In this case the trustee appears to have favored Hank over Mom, Aaron and Beth, the other beneficiaries by making investments, which maximized income, benefiting only Hank, and actually resulted in harm through diminished corpus value to the other beneficiaries.

Hence, Trustee is personally liable for this breach to the beneficiaries.

Remedies

Defined and discussed supra.

Accounting

A trustee under the trust must provide annual accounting to the beneficiaries under the trust.

It's also possible trustee breached his duty of accounting if he was not providing the beneficiaries with regular statements of the account balance. We need additional facts but the decrease in value indicates this could be the case.

2. How should the trust assets be distributed? Discuss.

Pretermitted Spouse

If a trust is formed before a marriage, and the spouse is omitted from the trust, it is presumed that the omission was unintentional and the spouse will be entitled to his or her intestate share. However, if divorce has occurred in the interim, it will be presumed the spouse was intentionally omitted. Hank's trust was formed after his dissolution of his marriage to Wendy. Wendy is claiming an interest in his trust assets but the trust was made after dissolution to her marriage to Hank. Absent some evidence that community property which should have gone to Wendy was used to establish the trust, Wendy has no claim to the trust.

Wendy does not have any pretermitted rights to the assets in the trust.

Community Property Law

Based on Community property law Wendy should have already received all of her community property (property acquired during marriage by the skill or labor of either spouse). Thus, Hank's trust was made only with his property.

Therefore, absent a gift provided to Wendy in the trust instruments, Wendy has no interest in the trust.

Therefore, Wendy is entitled to nothing under the trust.

Pretermitted Heir

If a trust is formed before a child was born, and the child was omitted from the trust there is a presumption that the child was unintentionally omitted, and the child will be entitled to his or her intestate share. When a child was born before the trust was executed, the testator did not know of the child's existence, the child will be treated as a pretermitted heir and will get their intestate share.

Carl was born right after the dissolution of the marriage and the trust wasn't made until 1 year after the dissolution. Carl generally would not be a pretermitted heir; however, Hank had no idea Carl existed when Hank made the trust, as Carl was conceived during Hank's marriage to Wendy, but was born following the dissolution of the marriage and Wendy, Carl's mother, had never told Hank about Carl. Hank had no way of knowing that he had another child. As suggested by the facts Carl was conceived during marriage and DNA testing has proved that

Hank was Carl's father. Thus, Carl will be considered a pretermitted heir and will be entitled to his intestate share.

What share does a pretermitted child take?

An omitted (pretermitted child) is entitled to take an intestacy share of the decedent's estate. The rules of intestacy would first provide for the decedent's spouse and children. Here, however, Hank leaves no spouse (as discussed above Wendy has no interest in the trust) and so the intestacy rules would look to Hank's children. Under intestacy, children would take equally so Aaron, Beth, and Carl's share would be $\frac{1}{3}$ each of the \$300,000 corpus. Thus, Carl's share as a pretermitted child is \$100,000.

What do the others take from the trust?

The trust provides that Mom gets $\frac{1}{2}$ the corpus and then Aaron and Beth split the remaining $\frac{1}{2}$. Absent Carl's claim, Mom would've gotten \$150,000 and Aaron and Beth would have each received \$75,000. However, those amounts must be abated in order to pay for Carl's share.

In abating shares to pay for the claim of a pretermitted child the other beneficiaries will have their benefit reduced in proportion to the value they receive. Under the terms of the trust Mom got $\frac{1}{2}$ so she will have her share reduced by $\frac{1}{2}$ of the amount due to Carl (i.e., \$50,000). Aaron & Beth each got $\frac{1}{4}$ so their amounts are each reduced by $\frac{1}{4}$ the amount owed to Carl (\$25,000 each). Thus, the final distribution will be: Mom gets \$100,000, Carl gets \$100,000, Aaron and Beth each get \$50,000 and Wendy takes nothing.