Part One: Forecasting Effective Tax Rates While the Client is Working

01/12/2026 11:29 am EST

This is the first part of a four-part series describing the cash flow and tax advisor calculator feature. This tool can assist you in determining the effective tax rate for each year within your financial plan. It also includes a worksheet to distinguish between cash flow and tax liabilities. This section provides step-by-step instructions for entering wages while the client is employed into the cash flow and tax advisor calculator and obtaining the effective tax rate.

To learn more about the Cash Flow and Tax Advisor menu see articles:

- Condense/Uncondense Feature
- Hide/Unhide Tax Advisor
- Add Scenario Feature
- Calculating Feature

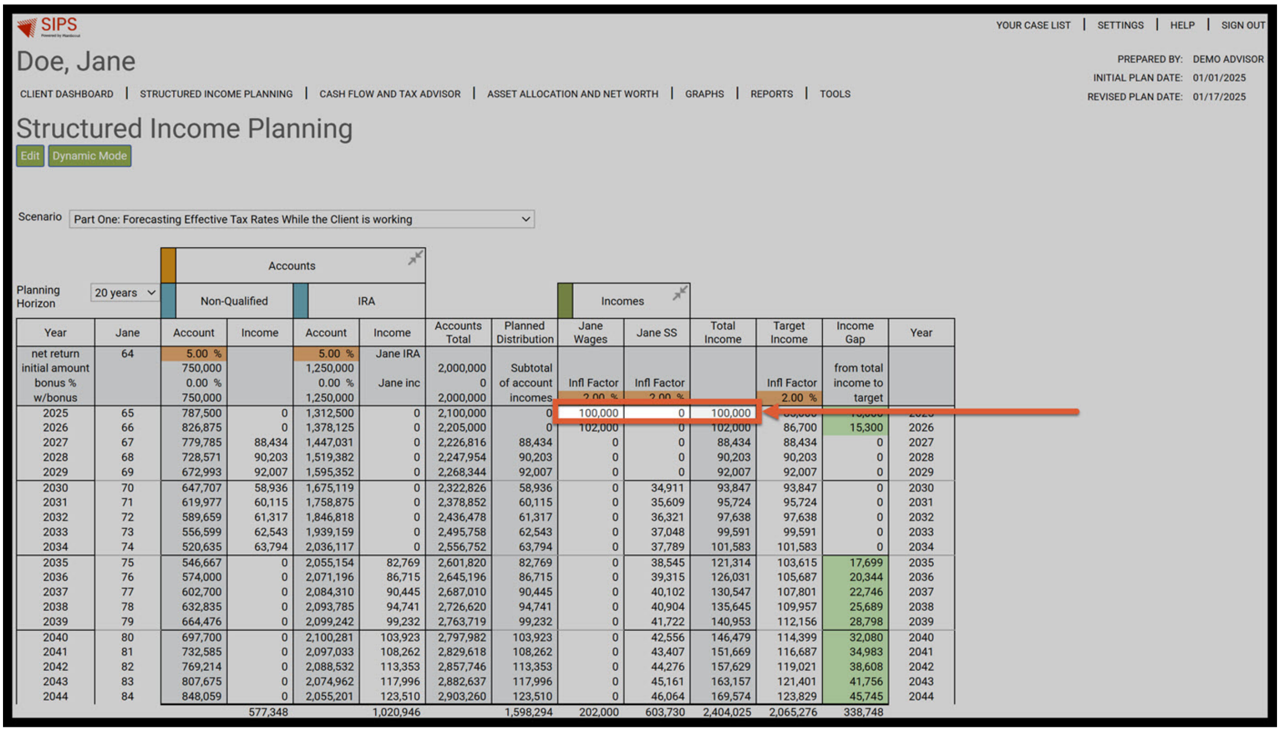
To learn more about the Cash Flow and Tax Advisor individual column features see articles:

- Hide/Unhide Feature for Individual Tax Columns
- Permanent Deletion for Individual Tax Columns
- Downloading a 1040 Sample Tax Form

To learn more about forecasting effective tax rates see articles:

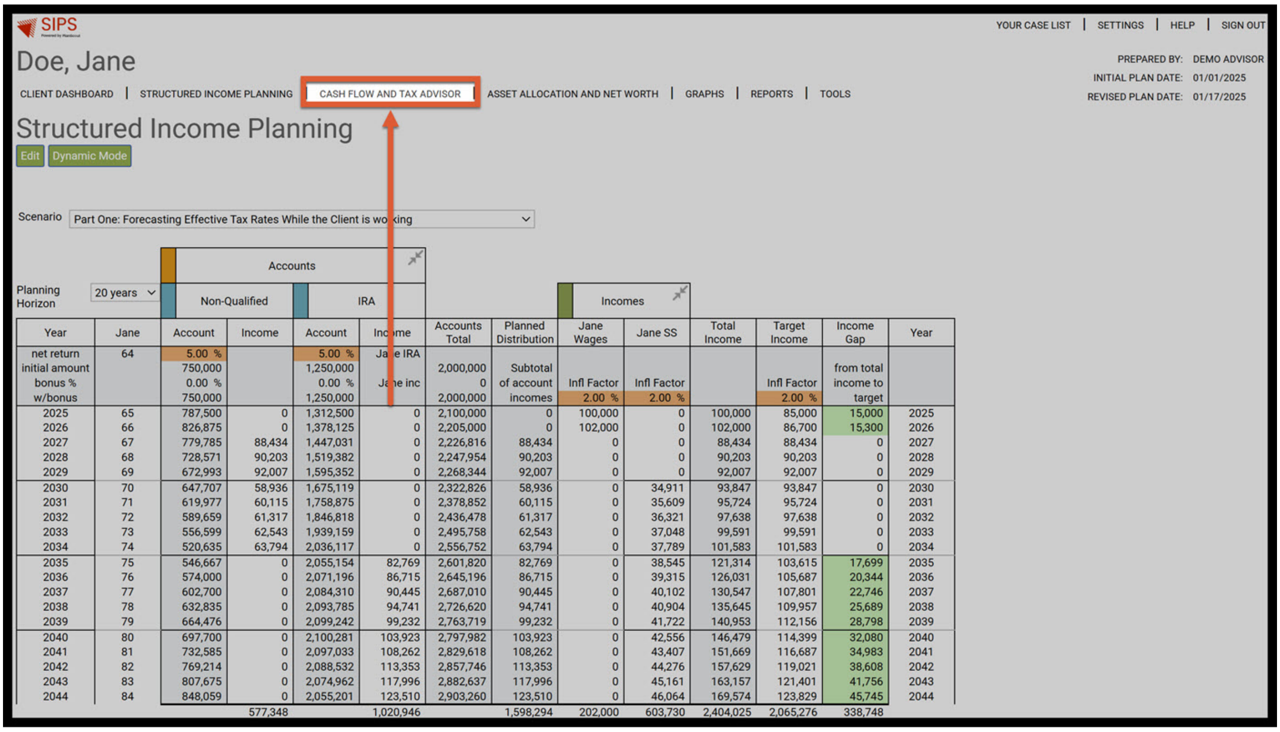
- Part One: Forecasting Effective Tax Rates While the Client is working
- Part Two: Forecasting Effective Tax Rates While the Client is in retirement and before Social Security Disbursements
- Part Three: Forecasting Effective Tax Rates While the Client is in Retirement and Social Security Starts Up
- Part Four: Forecasting Effective Tax Rates in Retirement: RMDs, Social Security, and Roth Withdrawals
- Part Five: Adding Expenses into the Cash Flow and Tax Advisor Calculator

Step 1: First Year Income: See what incomes need to be modeled in the cashflow and tax advisor to determine the effective tax-rate for that year.



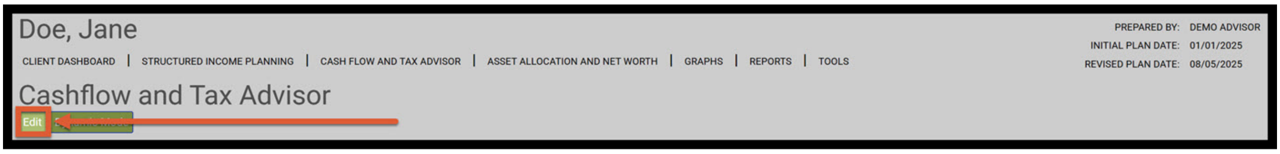
		Accounts						Incomes					
		Non-Qualified		IRA									
Year	Jane	Account	Income	Account	Income	Accounts Total	Planned Distribution	Jane Wages	Jane SS	Total Income	Target Income	Income Gap	Year
net return	64	5.00 %		5.00 %	Jane IRA								
initial amount		750,000		1,250,000		2,000,000	Subtotal					from total	
bonus %		0.00 %		0.00 %	Jane inc	0	of account	Infl Factor	Infl Factor		Infl Factor	income to	
w/bonus		750,000		1,250,000		2,000,000	incomes	2.00 %	2.00 %		2.00 %	target	
2025	65	787,500	0	1,312,500	0	2,100,000	0	100,000	0	100,000	[illegible]	[illegible]	[illegible]
2026	66	826,875	0	1,378,125	0	2,205,000	0	102,000	0	102,000	86,700	15,300	2026
2027	67	779,785	88,434	1,447,031	0	2,226,816	88,434	0	0	88,434	88,434	0	2027
2028	68	728,571	90,203	1,519,382	0	2,247,954	90,203	0	0	90,203	90,203	0	2028
2029	69	672,993	92,007	1,595,352	0	2,268,344	92,007	0	0	92,007	92,007	0	2029
2030	70	647,707	58,936	1,675,119	0	2,322,826	58,936	0	34,911	93,847	93,847	0	2030
2031	71	619,977	60,115	1,758,875	0	2,378,852	60,115	0	35,609	95,724	95,724	0	2031
2032	72	589,659	61,317	1,846,818	0	2,436,478	61,317	0	36,321	97,638	97,638	0	2032
2033	73	556,599	62,543	1,939,159	0	2,495,758	62,543	0	37,048	99,591	99,591	0	2033
2034	74	520,635	63,794	2,036,117	0	2,556,752	63,794	0	37,789	101,583	101,583	0	2034
2035	75	546,667	0	2,055,154	82,769	2,601,820	82,769	0	38,545	121,314	103,615	17,699	2035
2036	76	574,000	0	2,071,196	86,715	2,645,196	86,715	0	39,315	126,031	105,687	20,344	2036
2037	77	602,700	0	2,084,310	90,445	2,687,010	90,445	0	40,102	130,547	107,801	22,746	2037
2038	78	632,835	0	2,093,785	94,741	2,726,620	94,741	0	40,904	135,645	109,957	25,689	2038
2039	79	664,476	0	2,099,242	99,232	2,763,719	99,232	0	41,722	140,953	112,156	28,798	2039
2040	80	697,700	0	2,100,281	103,923	2,797,982	103,923	0	42,556	146,479	114,399	32,080	2040
2041	81	732,585	0	2,097,033	108,262	2,829,618	108,262	0	43,407	151,669	116,687	34,983	2041
2042	82	769,214	0	2,088,532	113,353	2,857,746	113,353	0	44,276	157,629	119,021	38,608	2042
2043	83	807,675	0	2,074,962	117,996	2,882,637	117,996	0	45,161	163,157	121,401	41,756	2043
2044	84	848,059	0	2,055,201	123,510	2,903,260	123,510	0	46,064	169,574	123,829	45,745	2044
			577,348		1,020,946		1,598,294	202,000	603,730	2,404,025	2,065,276	338,748	

Step 2: Cash Flow and Tax Advisor: Click on the Cash Flow and Tax Advisor button underneath the Client's name heading.

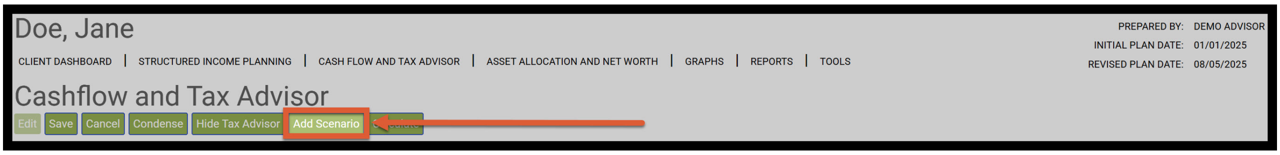


		Accounts						Incomes					
		Non-Qualified		IRA									
Year	Jane	Account	Income	Account	Income	Accounts Total	Planned Distribution	Jane Wages	Jane SS	Total Income	Target Income	Income Gap	Year
net return	64	5.00 %		5.00 %	Jane IRA								
initial amount		750,000		1,250,000		2,000,000	Subtotal					from total	
bonus %		0.00 %		0.00 %	Jane inc	0	of account	Infl Factor	Infl Factor		Infl Factor	income to	
w/bonus		750,000		1,250,000		2,000,000	incomes	2.00 %	2.00 %		2.00 %	target	
2025	65	787,500	0	1,312,500	0	2,100,000	0	100,000	0	100,000	85,000	15,000	2025
2026	66	826,875	0	1,378,125	0	2,205,000	0	102,000	0	102,000	86,700	15,300	2026
2027	67	779,785	88,434	1,447,031	0	2,226,816	88,434	0	0	88,434	88,434	0	2027
2028	68	728,571	90,203	1,519,382	0	2,247,954	90,203	0	0	90,203	90,203	0	2028
2029	69	672,993	92,007	1,595,352	0	2,268,344	92,007	0	0	92,007	92,007	0	2029
2030	70	647,707	58,936	1,675,119	0	2,322,826	58,936	0	34,911	93,847	93,847	0	2030
2031	71	619,977	60,115	1,758,875	0	2,378,852	60,115	0	35,609	95,724	95,724	0	2031
2032	72	589,659	61,317	1,846,818	0	2,436,478	61,317	0	36,321	97,638	97,638	0	2032
2033	73	556,599	62,543	1,939,159	0	2,495,758	62,543	0	37,048	99,591	99,591	0	2033
2034	74	520,635	63,794	2,036,117	0	2,556,752	63,794	0	37,789	101,583	101,583	0	2034
2035	75	546,667	0	2,055,154	82,769	2,601,820	82,769	0	38,545	121,314	103,615	17,699	2035
2036	76	574,000	0	2,071,196	86,715	2,645,196	86,715	0	39,315	126,031	105,687	20,344	2036
2037	77	602,700	0	2,084,310	90,445	2,687,010	90,445	0	40,102	130,547	107,801	22,746	2037
2038	78	632,835	0	2,093,785	94,741	2,726,620	94,741	0	40,904	135,645	109,957	25,689	2038
2039	79	664,476	0	2,099,242	99,232	2,763,719	99,232	0	41,722	140,953	112,156	28,798	2039
2040	80	697,700	0	2,100,281	103,923	2,797,982	103,923	0	42,556	146,479	114,399	32,080	2040
2041	81	732,585	0	2,097,033	108,262	2,829,618	108,262	0	43,407	151,669	116,687	34,983	2041
2042	82	769,214	0	2,088,532	113,353	2,857,746	113,353	0	44,276	157,629	119,021	38,608	2042
2043	83	807,675	0	2,074,962	117,996	2,882,637	117,996	0	45,161	163,157	121,401	41,756	2043
2044	84	848,059	0	2,055,201	123,510	2,903,260	123,510	0	46,064	169,574	123,829	45,745	2044
			577,348		1,020,946		1,598,294	202,000	603,730	2,404,025	2,065,276	338,748	

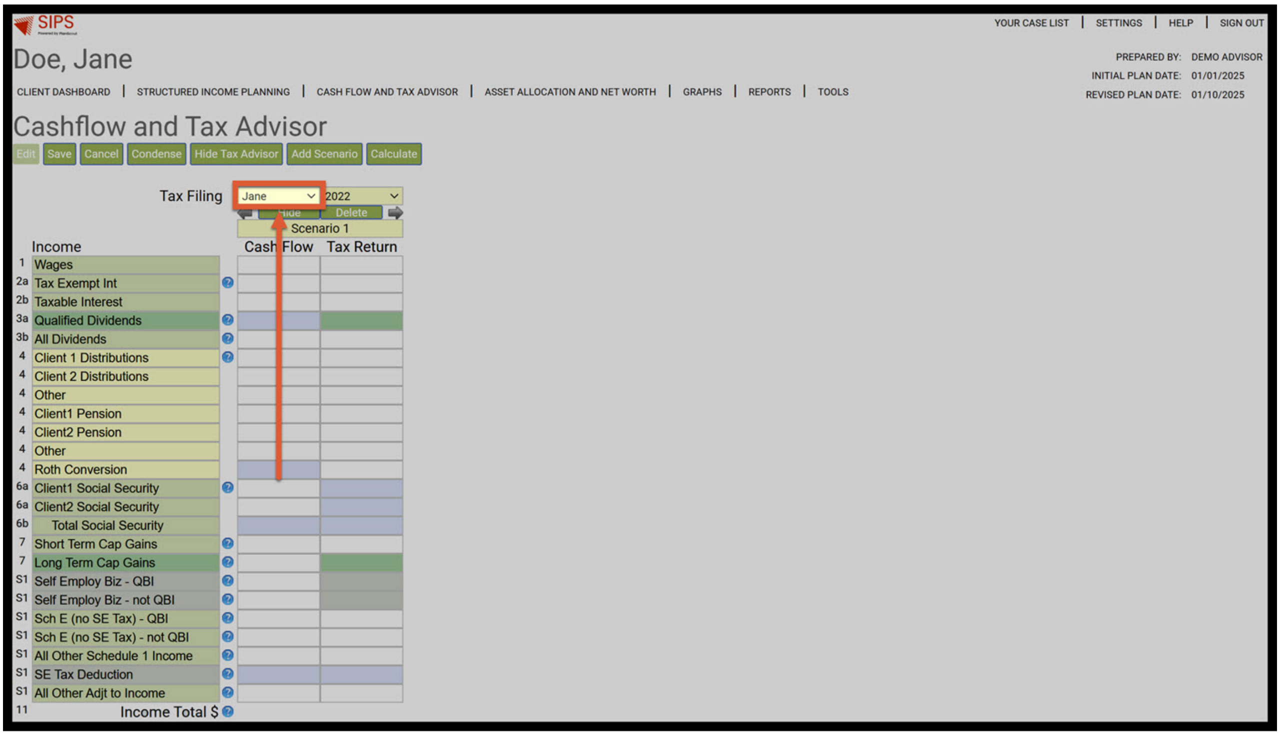
Step 3: Edit: Click on the green Edit button underneath the Cashflow and Tax Advisor heading.



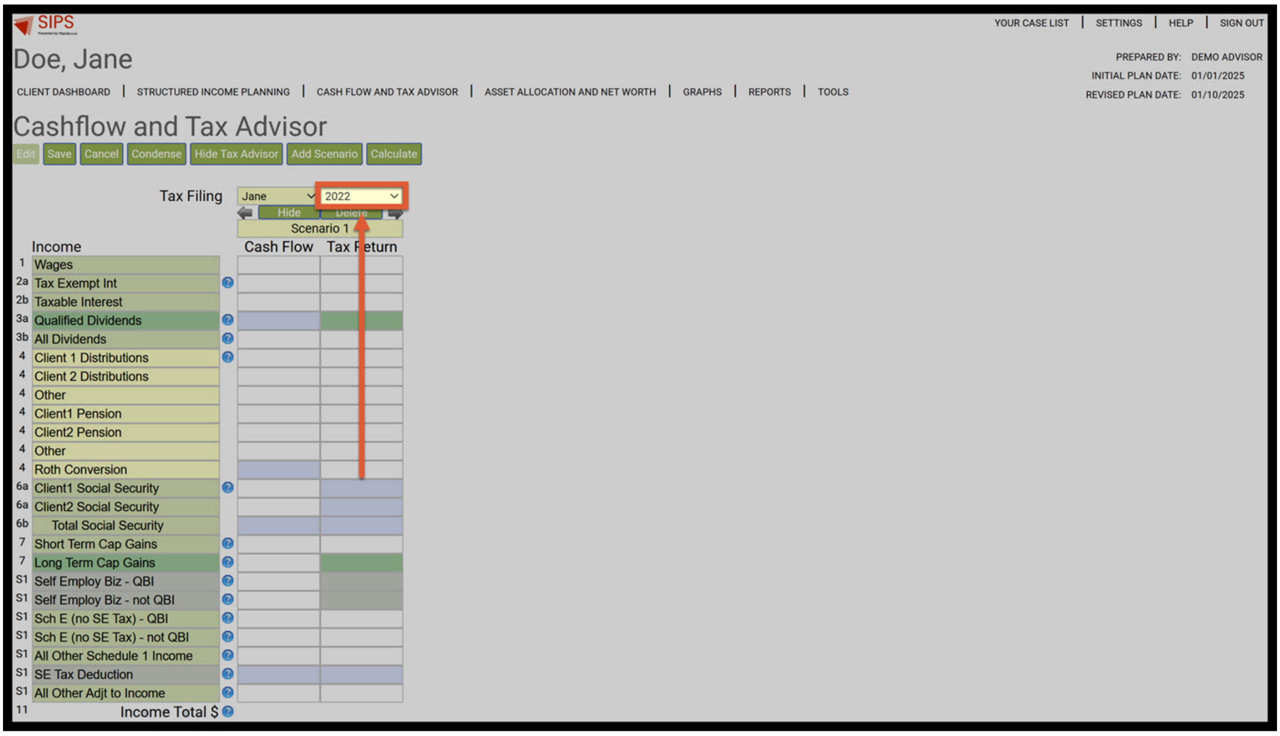
Step 4: Add Scenario: Click on the Green Add Scenario button underneath the Cashflow and Tax Advisor heading.



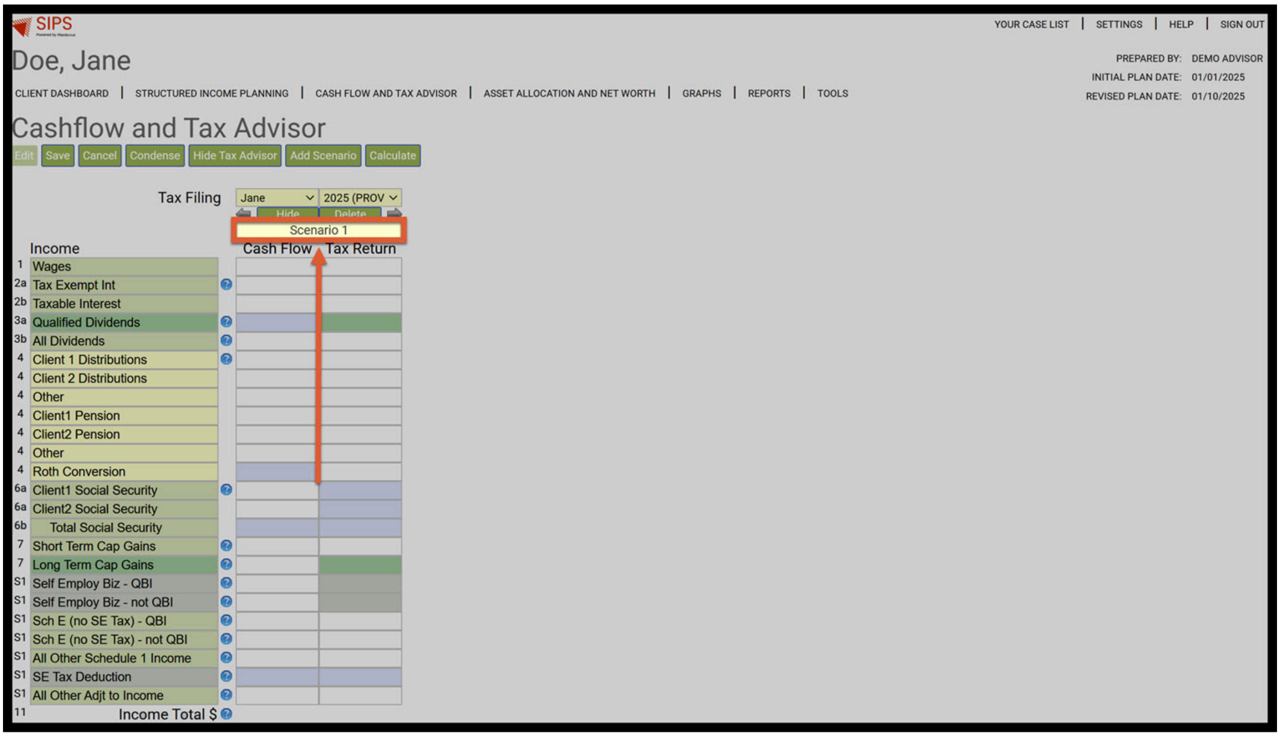
Step 5: Tax Filing Name: Click on the dropdown to select the tax filing (client 1, client 2, or joint).



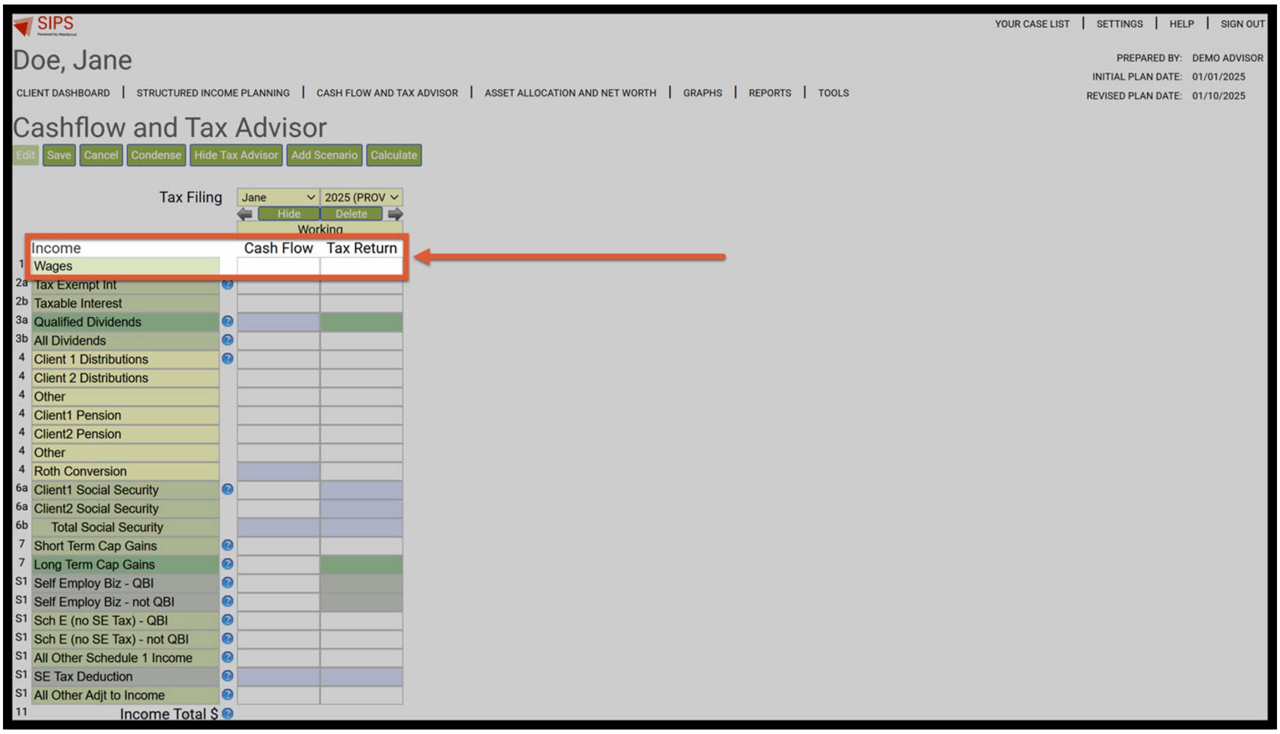
Step 6: Tax Filing Year: Click on the dropdown and select which tax year you would like to use. SIPS has the ability to create hypothetical returns for past and future years.



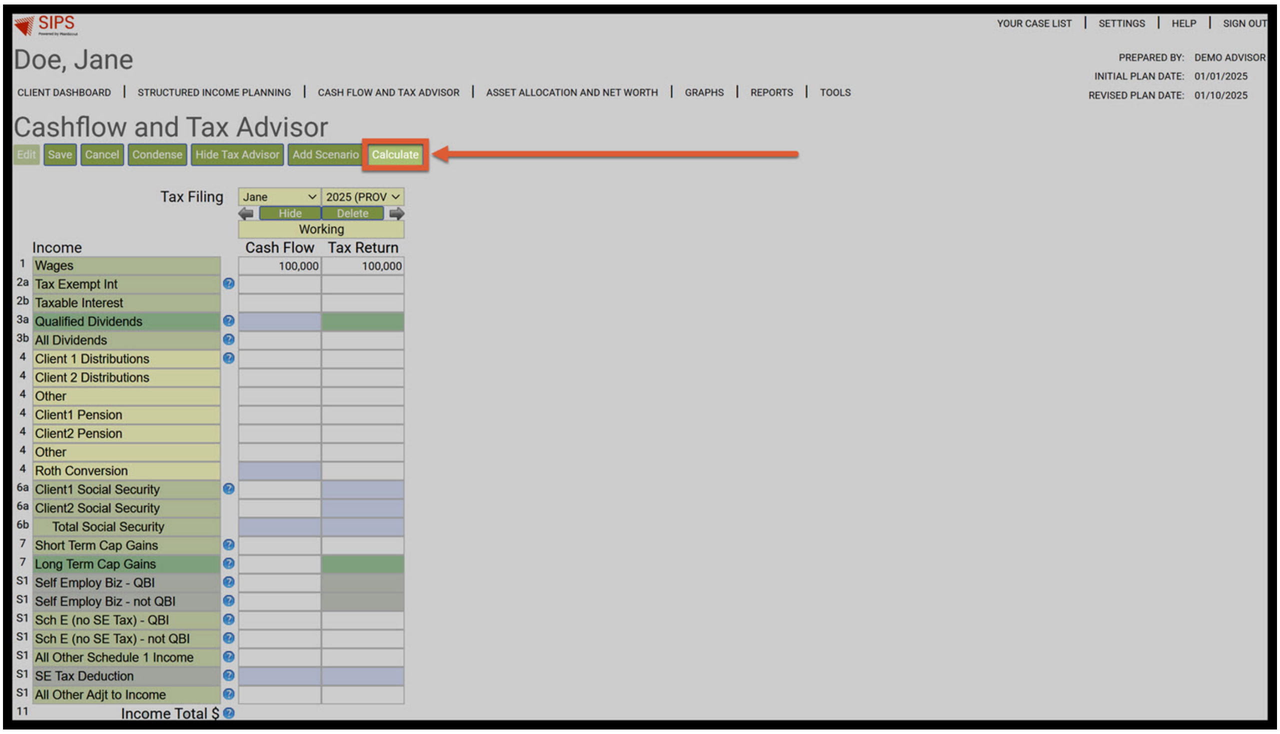
Step 7: Scenario Title: Enter in a new title for the scenario.



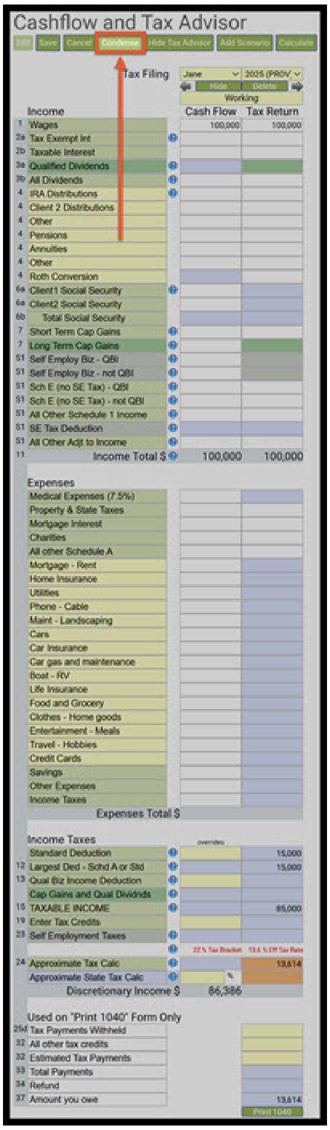
Step 8: Wages: Enter in the total income into the wages cash flow and tax return columns.



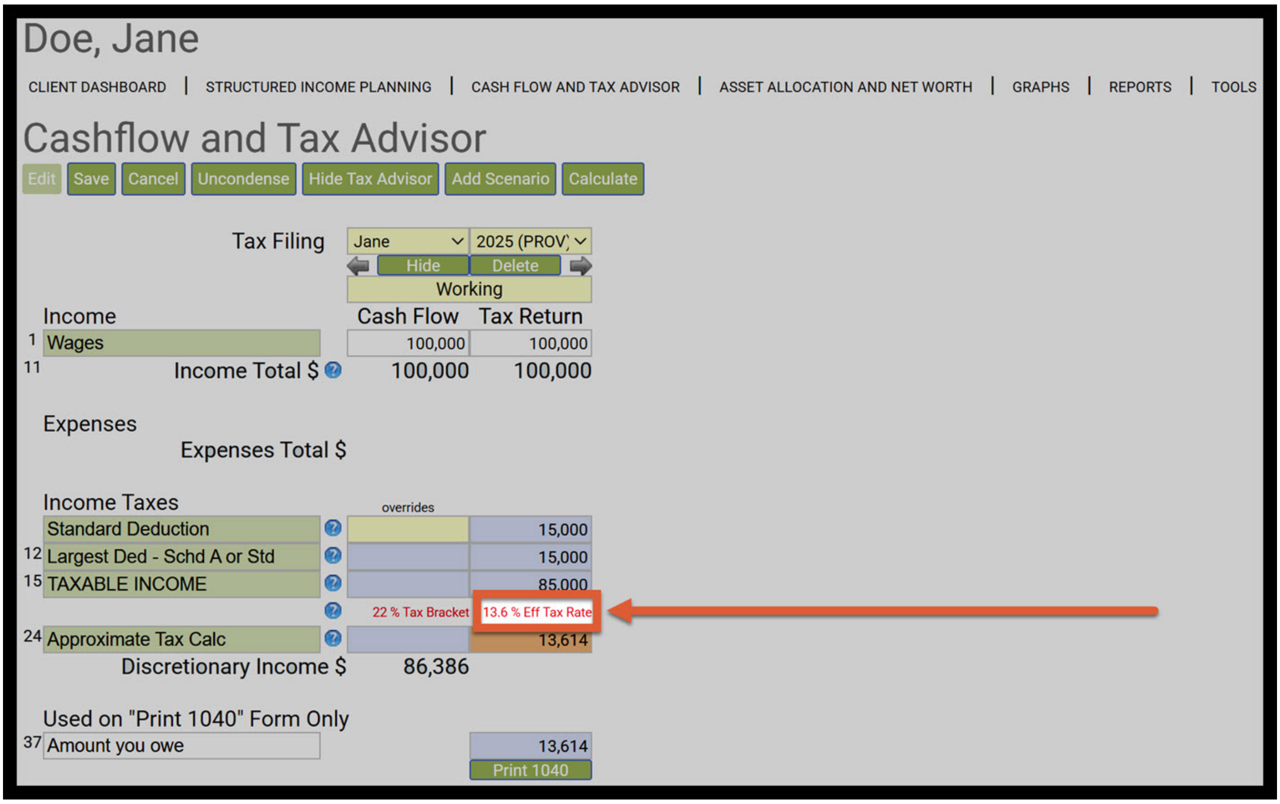
Step 9: Calculate: Click on the green calculate button underneath the Cashflow and Tax Advisor heading.



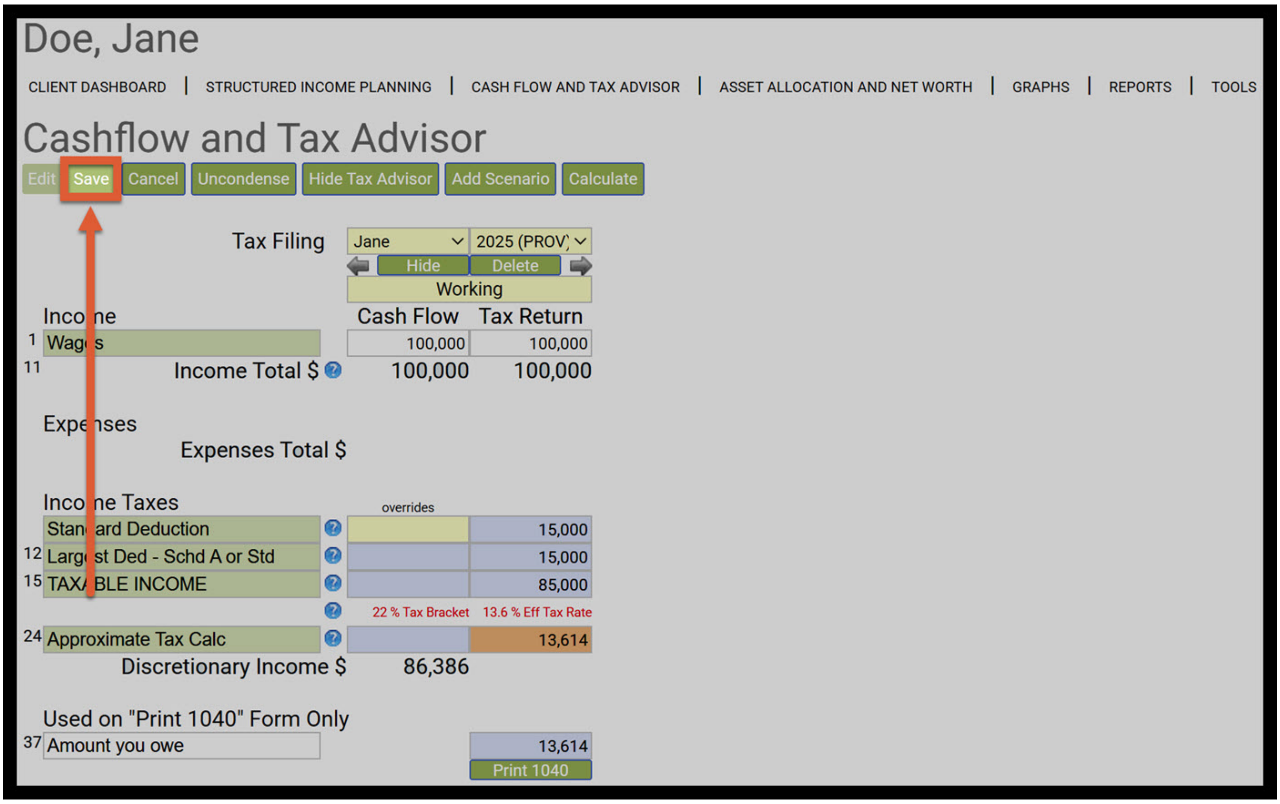
Step 10: Condense: Click on the green Condense button underneath the Cashflow and Tax Advisor heading.



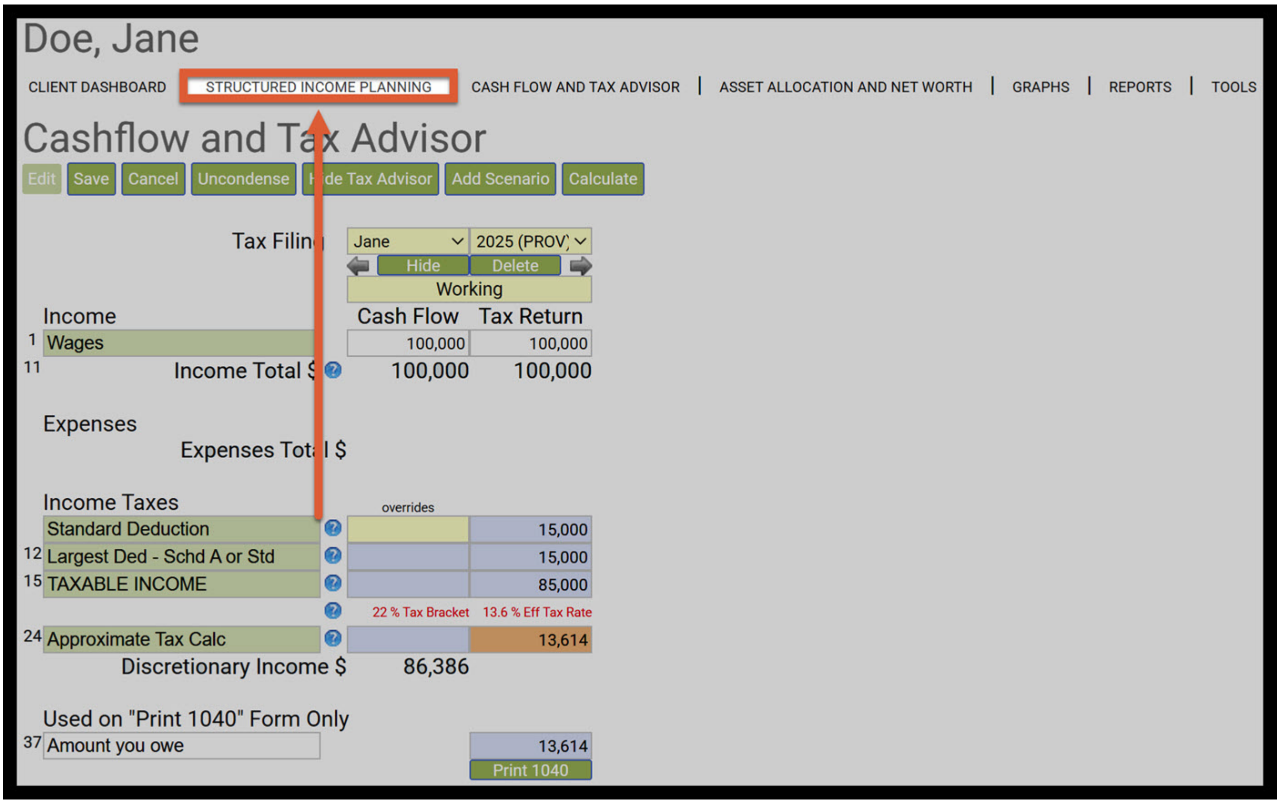
Step 11: Eff Tax Rate: Take note of the effective tax-rate "Eff Tax rate."



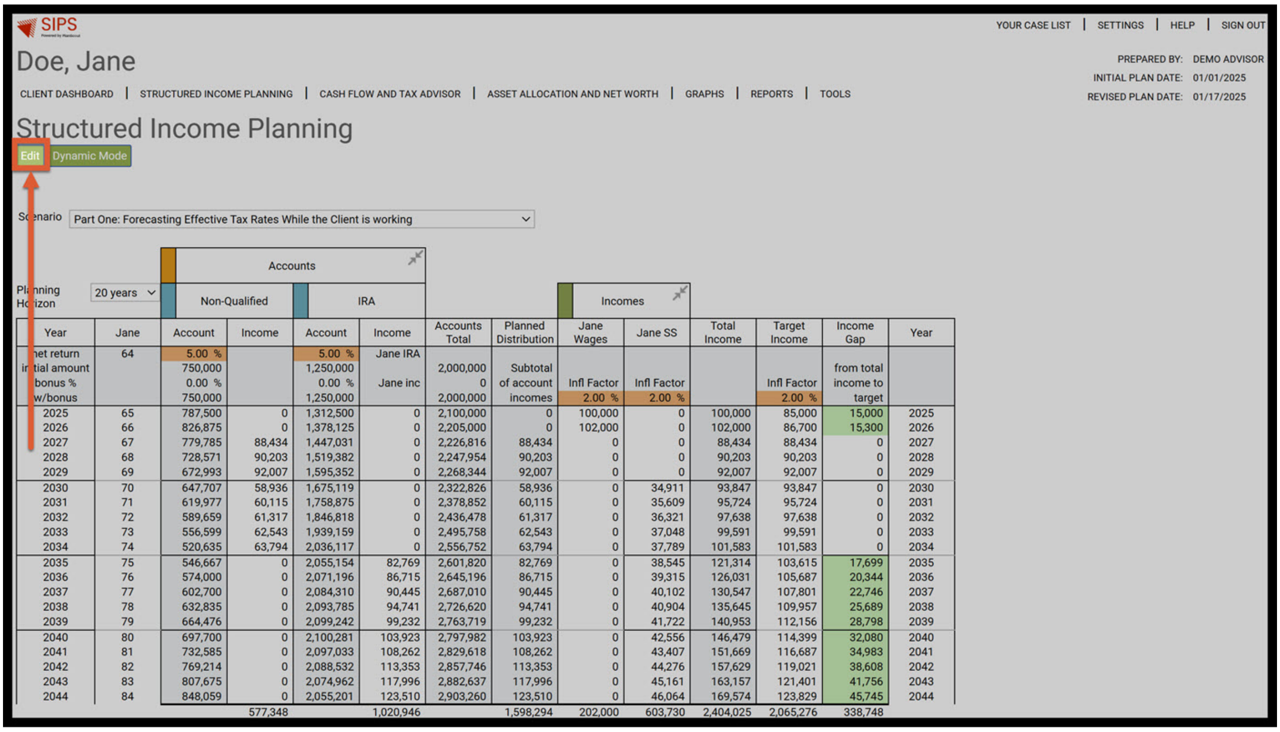
Step 12: Save: Click on the green Save button underneath the Cashflow and Tax Advisor heading.



Step 13: Structured Income Planning: Click on the Structured Income Planning button underneath the Client's name heading.



Step 14: Edit: Click on the green Edit button underneath the Structured Income Planning heading.



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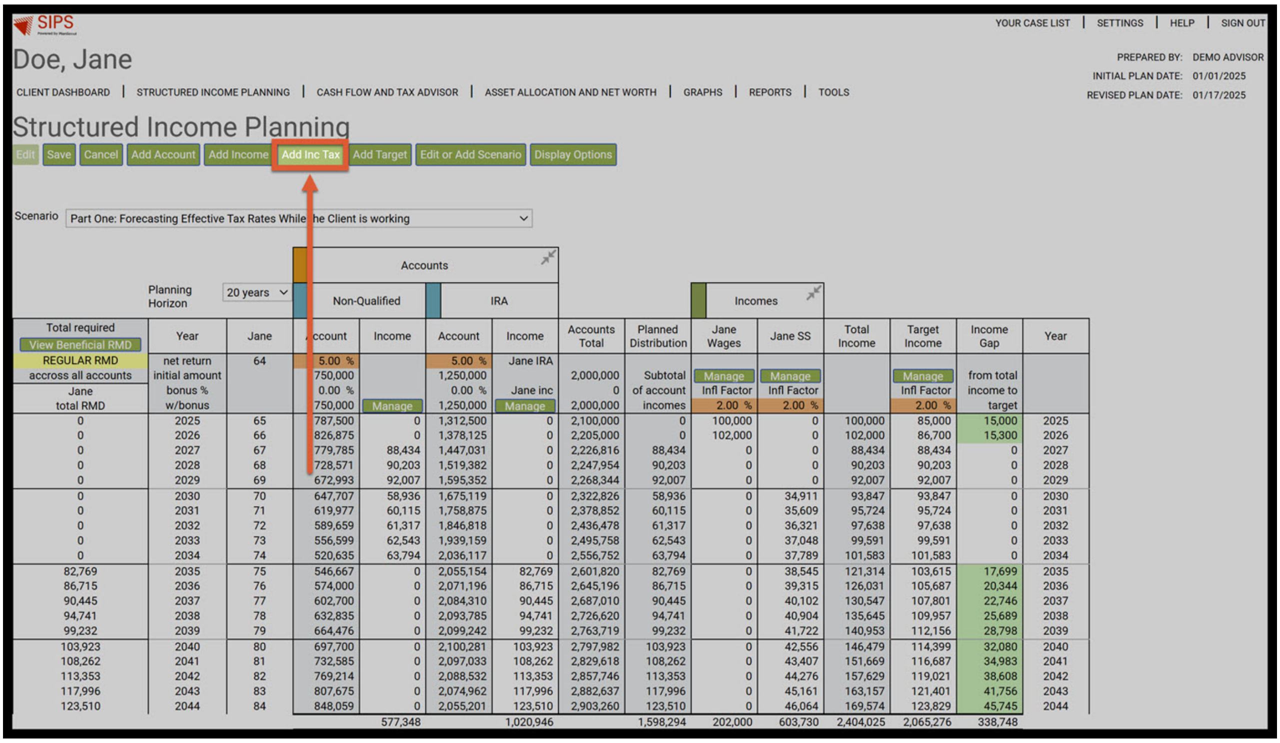
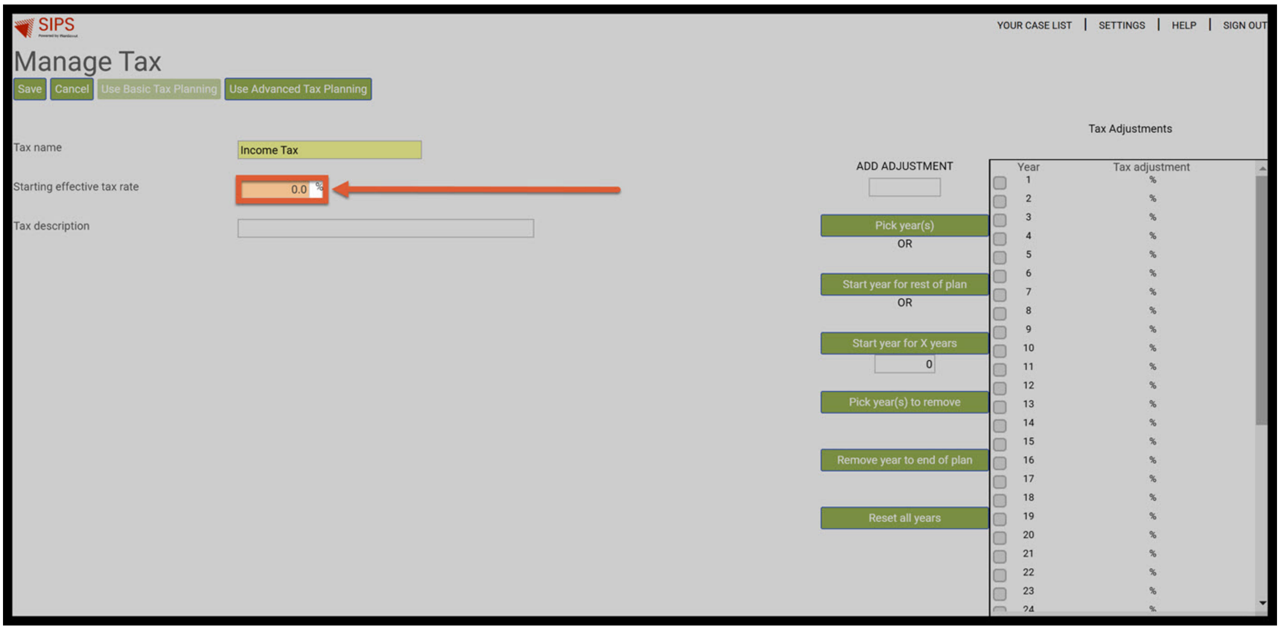
			577,348		1,020,946		1,598,294	202,000	603,730	2,404,025	2,065,276	338,748	

Step 15: Add Inc Tax: Click on the green Add Inc Tax button underneath the Structured Income Planning heading.



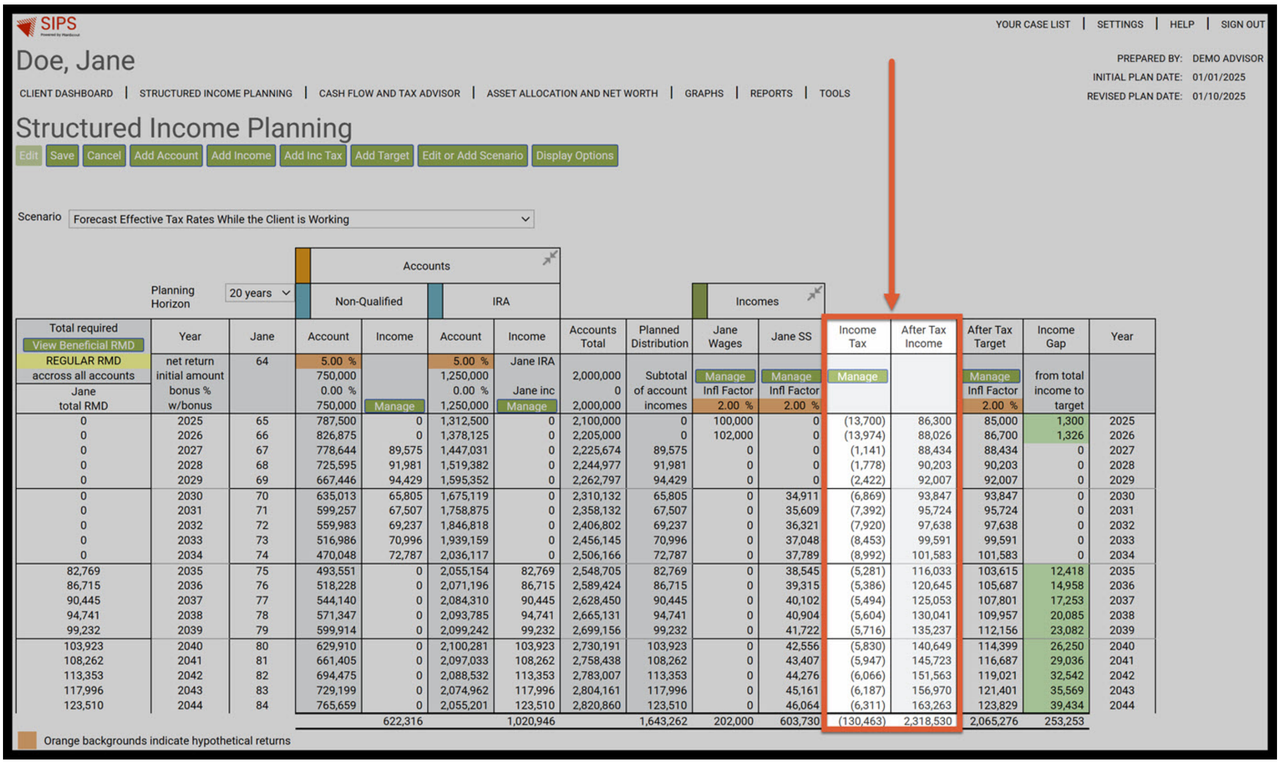
Step 16: Tax Name: Enter in a Title for the income tax.

Step 17: Starting Effective Tax Rate: Type in the effective tax rate.

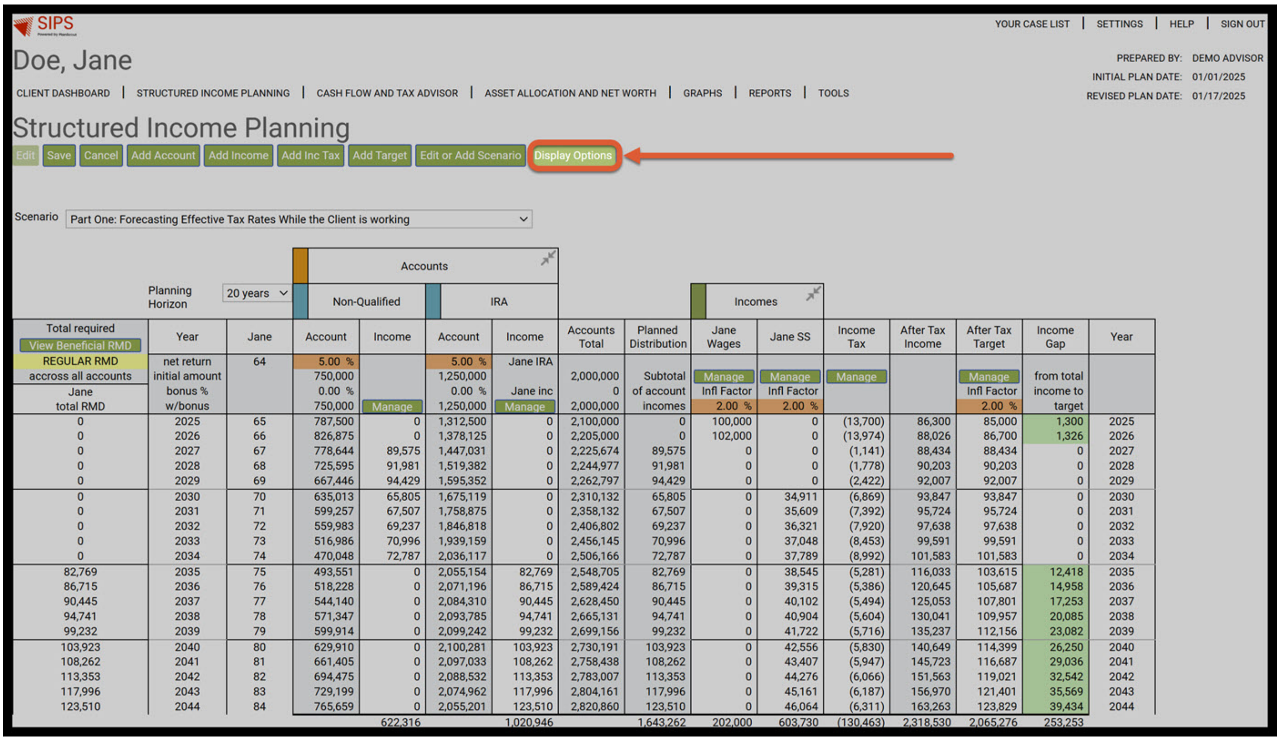


Step 18: Save: Click on the Save button underneath the Manage Tax heading.

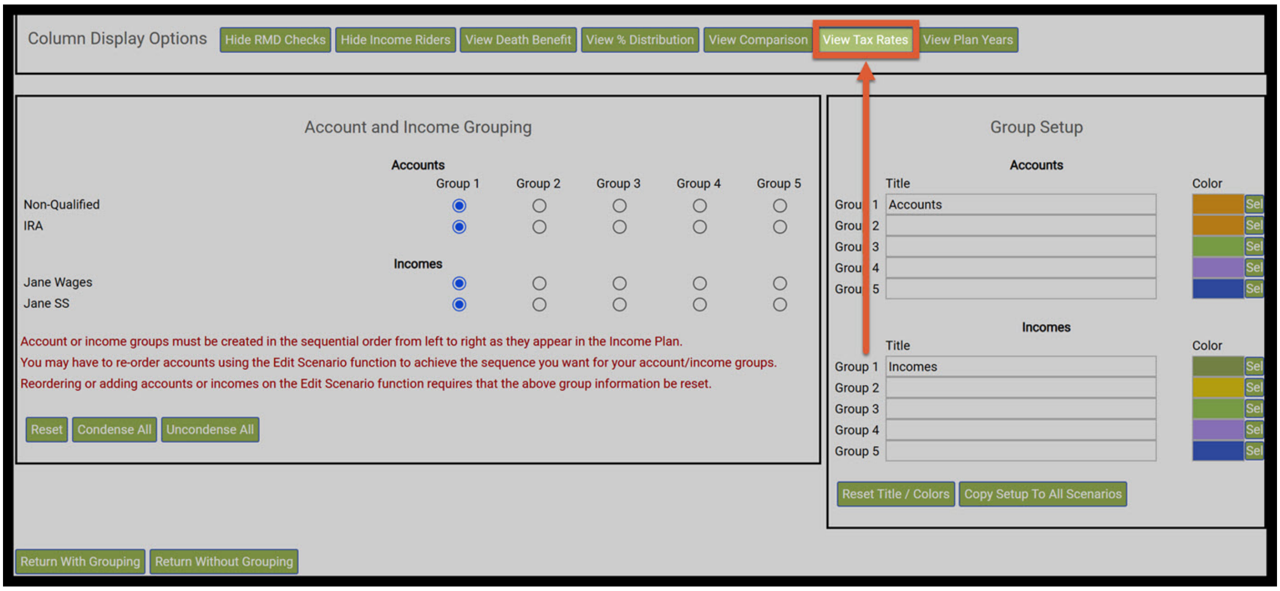
Step 19: Structured Income Planning: Two new columns have automatically appeared, the Income Tax and After Tax Income.



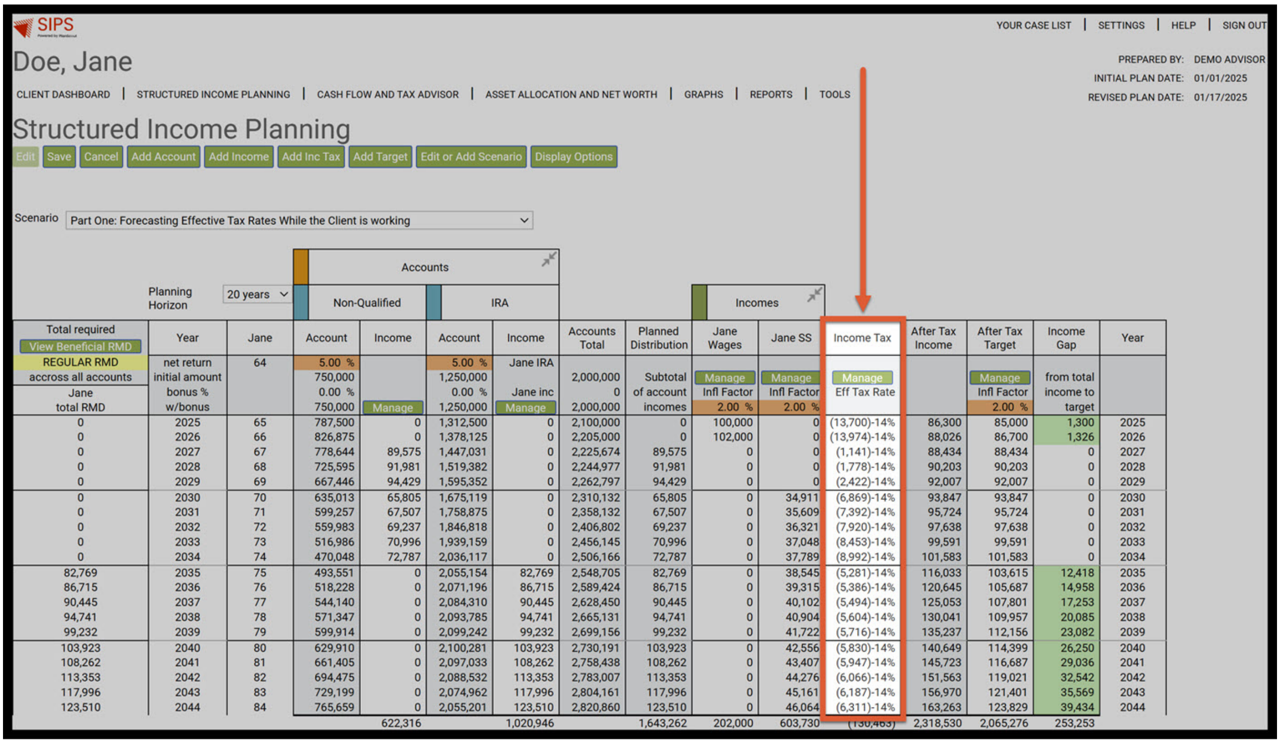
Step 20: Display Options: Click on the green Display Options button underneath the Structured Income Planning Heading.



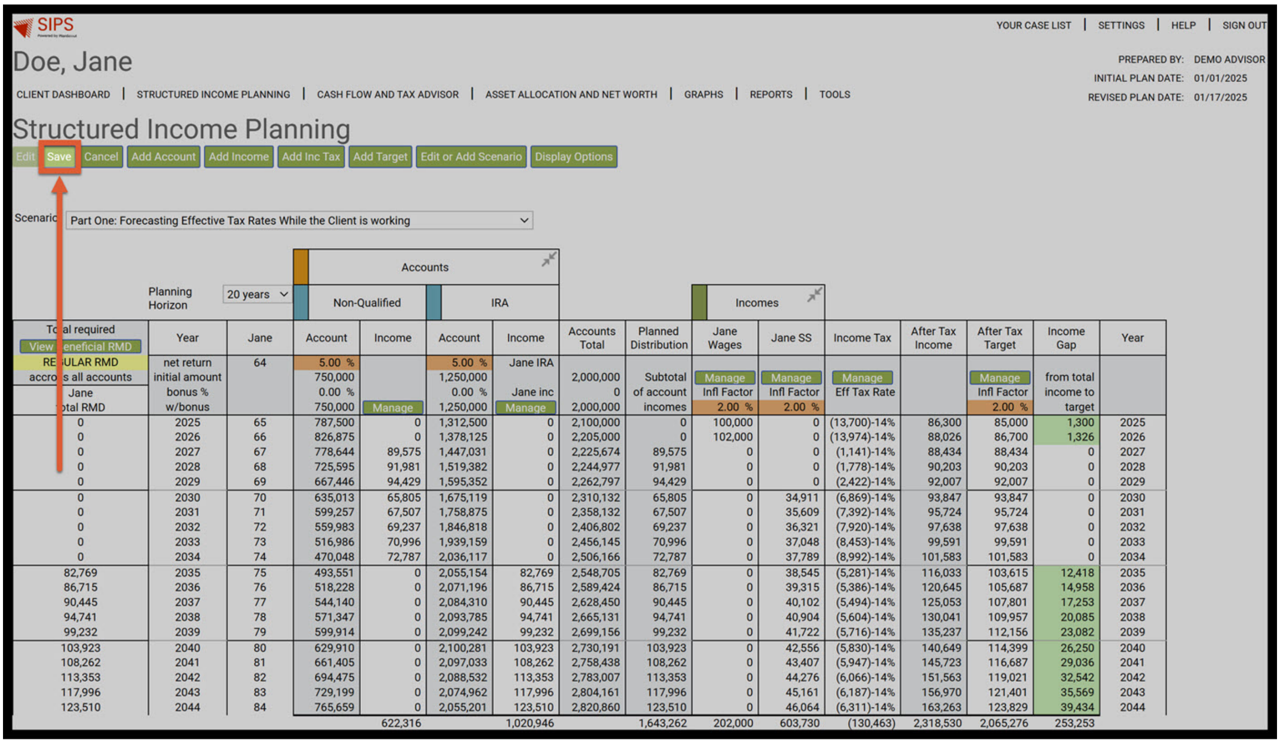
Step 21: Column Display Options: Click on the green View Tax Rates button.



Step 22: Structured Income Planning: The Income Tax Column will automatically show the percentage amount.



Step 23: Save: Click on the green save button underneath the Structured Income Planning heading.



Total required	Year	Jane	Non-Qualified Account	Non-Qualified Income	IRA Account	IRA Income	Accounts Total	Planned Distribution	Jane Wages	Jane SS	Income Tax	After Tax Income	After Tax Target	Income Gap	Year
View beneficial RMD / REGULAR RMD across all accounts	net return	64	5.00 %		5.00 %	Jane IRA									
	initial amount		750,000		1,250,000		2,000,000	Subtotal	Manage	Manage	Manage		Manage	from total	
Jane	bonus %		0.00 %		0.00 %	Jane inc	0	of account	Infl Factor	Infl Factor	Eff Tax Rate		Infl Factor	income to	
total RMD	w/bonus		750,000	Manage	1,250,000	Manage	2,000,000	incomes	2.00 %	2.00 %			2.00 %	target	
0	2025	65	787,500	0	1,312,500	0	2,100,000	0	100,000	0	(13,700)-14%	86,300	85,000	1,300	2025
0	2026	66	826,875	0	1,378,125	0	2,205,000	0	102,000	0	(13,974)-14%	88,026	86,700	1,326	2026
0	2027	67	778,644	89,575	1,447,031	0	2,225,674	89,575	0	0	(1,141)-14%	88,434	88,434	0	2027
0	2028	68	725,595	91,981	1,519,382	0	2,244,977	91,981	0	0	(1,778)-14%	90,203	90,203	0	2028
0	2029	69	667,446	94,429	1,595,352	0	2,262,797	94,429	0	0	(2,422)-14%	92,007	92,007	0	2029
0	2030	70	635,013	65,805	1,675,119	0	2,310,132	65,805	0	34,911	(6,869)-14%	93,847	93,847	0	2030
0	2031	71	599,257	67,507	1,758,875	0	2,358,132	67,507	0	35,609	(7,392)-14%	95,724	95,724	0	2031
0	2032	72	559,983	69,237	1,846,818	0	2,406,802	69,237	0	36,321	(7,920)-14%	97,638	97,638	0	2032
0	2033	73	516,986	70,996	1,939,159	0	2,456,145	70,996	0	37,048	(8,453)-14%	99,591	99,591	0	2033
0	2034	74	470,048	72,787	2,036,117	0	2,506,166	72,787	0	37,789	(8,992)-14%	101,583	101,583	0	2034
82,769	2035	75	493,551	0	2,055,154	82,769	2,548,705	82,769	0	38,545	(5,281)-14%	116,033	103,615	12,418	2035
86,715	2036	76	518,228	0	2,071,196	86,715	2,589,424	86,715	0	39,315	(5,386)-14%	120,645	105,687	14,958	2036
90,445	2037	77	544,140	0	2,084,310	90,445	2,628,450	90,445	0	40,102	(5,494)-14%	125,053	107,801	17,253	2037
94,741	2038	78	571,347	0	2,093,785	94,741	2,665,131	94,741	0	40,904	(5,604)-14%	130,041	109,957	20,085	2038
99,232	2039	79	599,914	0	2,099,242	99,232	2,699,156	99,232	0	41,722	(5,716)-14%	135,237	112,156	23,082	2039
103,923	2040	80	629,910	0	2,100,281	103,923	2,730,191	103,923	0	42,556	(5,830)-14%	140,649	114,399	26,250	2040
108,262	2041	81	661,405	0	2,097,033	108,262	2,758,438	108,262	0	43,407	(5,947)-14%	145,723	116,687	29,036	2041
113,353	2042	82	694,475	0	2,088,532	113,353	2,783,007	113,353	0	44,276	(6,066)-14%	151,563	119,021	32,542	2042
117,996	2043	83	729,199	0	2,074,962	117,996	2,804,161	117,996	0	45,161	(6,187)-14%	156,970	121,401	35,569	2043
123,510	2044	84	765,659	0	2,055,201	123,510	2,820,860	123,510	0	46,064	(6,311)-14%	163,263	123,829	39,434	2044
				622,316		1,020,946		1,643,262	202,000	603,730	(130,463)	2,318,530	2,065,276	253,253	

If you feel you need more support or would like to set up demo time with one of our representatives, please contact us at: support@planscout.com.