Part Three: Forecasting Effective Tax Rates While the Client is in Retirement and Social Security Starts Up

01/12/2026 11:29 am EST

This is the third part of a four-part article on the Cash Flow and Tax Advisor Calculator. This tool can assist you in determining the effective tax rate for each year within your financial plan. It also includes a worksheet to differentiate between cash flow and tax liabilities. This section provides step-by-step instructions for entering income when the client has retired, is no longer working, and is receiving Social Security benefits.

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

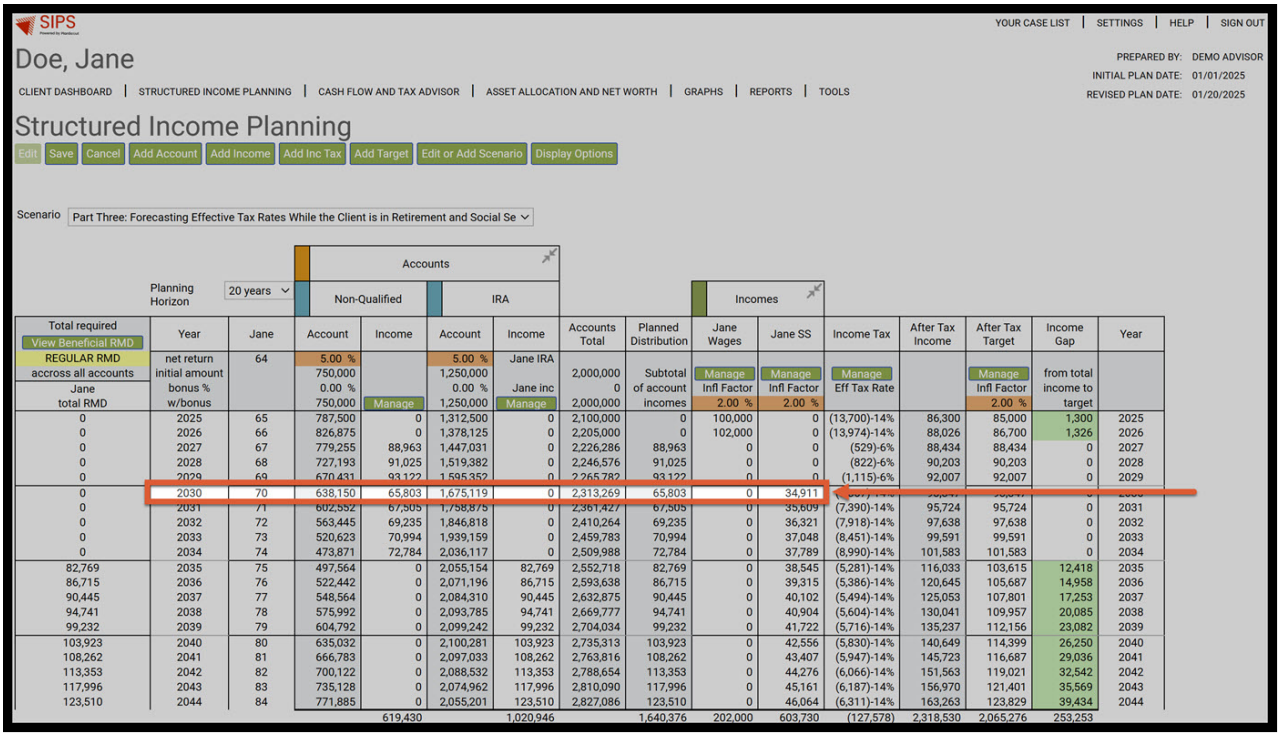
To learn more about the Cash Flow and Tax Advisor individual column features see articles:

- 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:

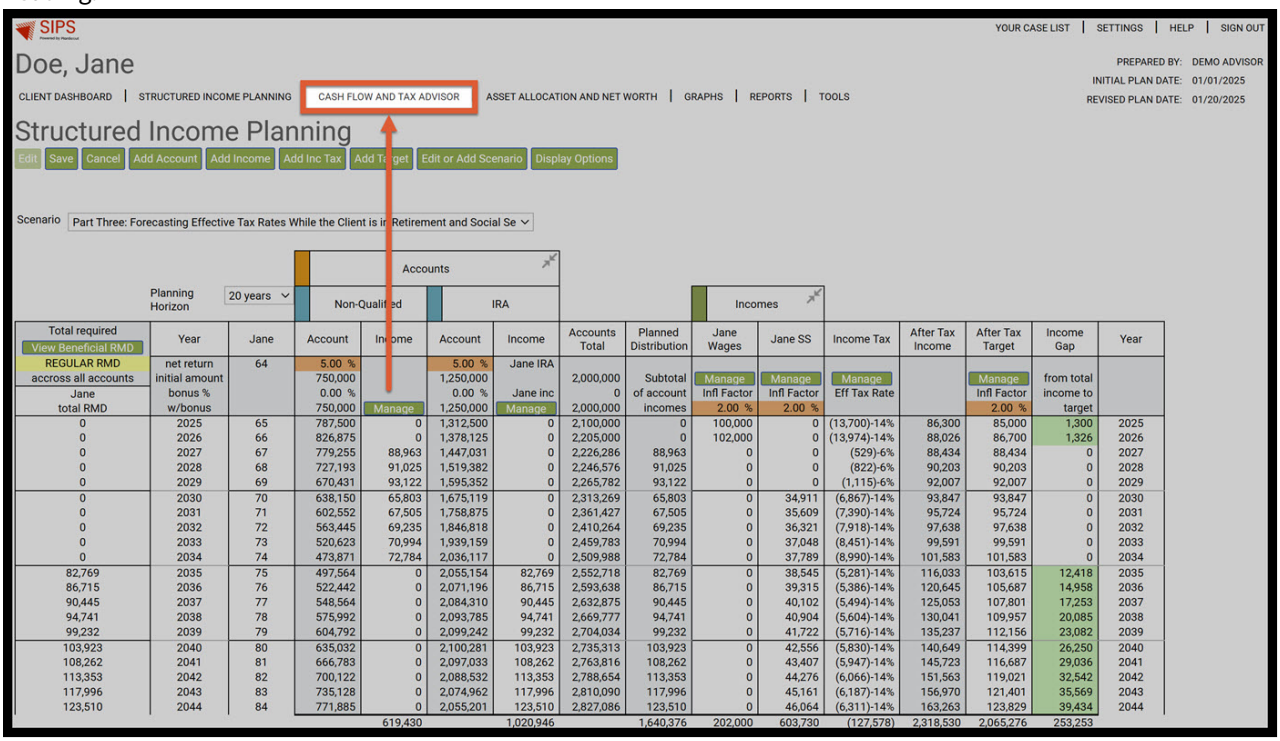
- Part One: Forecasting Effective Tax Rates While the Client is working
- Part Two: Forecasting Effective Tax Rates While the Client is in retirement and before Social Security Disbursements
- Part Three: Forecasting Effective Tax Rates While the Client is in Retirement and Social Security Starts Up
- 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 While in Retirement for Social Security: See what incomes need to be modeled in the cashflow and tax advisor to determine the effective tax-rate for that year.



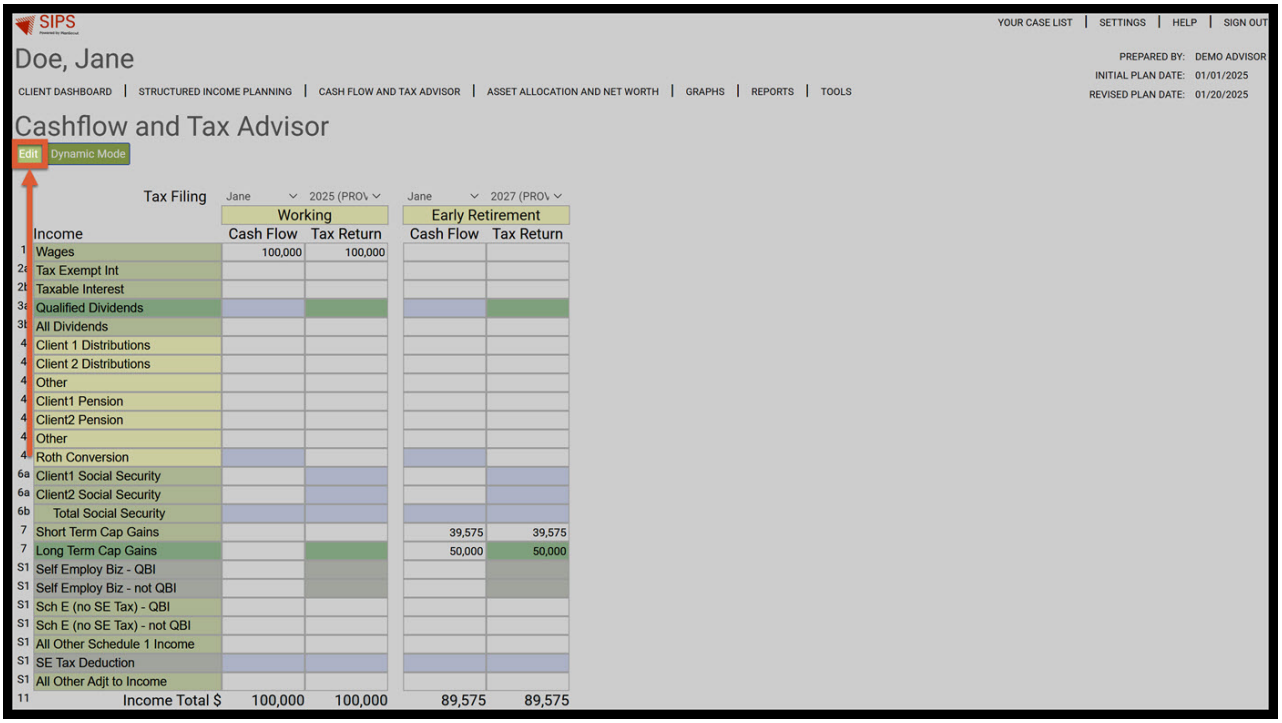
Total required	Year	Jane	Account	Income	Account	Income	Accounts Total	Planned Distribution	Jane Wages	Jane SS	Income Tax	After Tax Income	After Tax Target	Income Gap	Year
View Beneficial RMD															
REGULAR RMD	net return	64	5.00 %		5.00 %	Jane IRA									
accross all accounts	initial amount		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	779,255	88,963	1,447,031	0	2,226,286	88,963	0	0	(529)-6%	88,434	88,434	0	2027
0	2028	68	727,193	91,025	1,519,382	0	2,246,576	91,025	0	0	(822)-6%	90,203	90,203	0	2028
0	2029	69	670,431	93,122	1,595,352	0	2,265,782	93,122	0	0	(1,115)-6%	92,007	92,007	0	2029
0	2030	70	638,150	65,803	1,675,119	0	2,313,269	65,803	0	34,911					
0	2031	71	602,552	67,505	1,758,875	0	2,361,427	67,505	0	35,609	(7,390)-14%	95,724	95,724	0	2031
0	2032	72	563,445	69,235	1,846,818	0	2,410,264	69,235	0	36,321	(7,918)-14%	97,638	97,638	0	2032
0	2033	73	520,623	70,994	1,939,159	0	2,459,783	70,994	0	37,048	(8,451)-14%	99,591	99,591	0	2033
0	2034	74	473,871	72,784	2,036,117	0	2,509,988	72,784	0	37,789	(8,990)-14%	101,583	101,583	0	2034
82,769	2035	75	497,564	0	2,055,154	82,769	2,552,718	82,769	0	38,545	(5,281)-14%	116,033	103,615	12,418	2035
86,715	2036	76	522,442	0	2,071,196	86,715	2,593,638	86,715	0	39,315	(5,386)-14%	120,645	105,687	14,958	2036
90,445	2037	77	548,564	0	2,084,310	90,445	2,632,875	90,445	0	40,102	(5,494)-14%	125,053	107,801	17,253	2037
94,741	2038	78	575,992	0	2,093,785	94,741	2,669,777	94,741	0	40,904	(5,604)-14%	130,041	109,957	20,085	2038
99,232	2039	79	604,792	0	2,099,242	99,232	2,704,034	99,232	0	41,722	(5,716)-14%	135,237	112,156	23,082	2039
103,923	2040	80	635,032	0	2,100,281	103,923	2,735,313	103,923	0	42,556	(5,830)-14%	140,649	114,399	26,250	2040
108,262	2041	81	666,783	0	2,097,033	108,262	2,763,816	108,262	0	43,407	(5,947)-14%	145,723	116,687	29,036	2041
113,353	2042	82	700,122	0	2,088,532	113,353	2,788,654	113,353	0	44,276	(6,066)-14%	151,563	119,021	32,542	2042
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123,510	2044	84	771,885	0	2,055,201	123,510	2,827,086	123,510	0	46,064	(6,311)-14%	163,263	123,829	39,434	2044
				619,430		1,020,946		1,640,376	202,000	603,730	(127,578)	2,318,530	2,065,276	253,253	

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

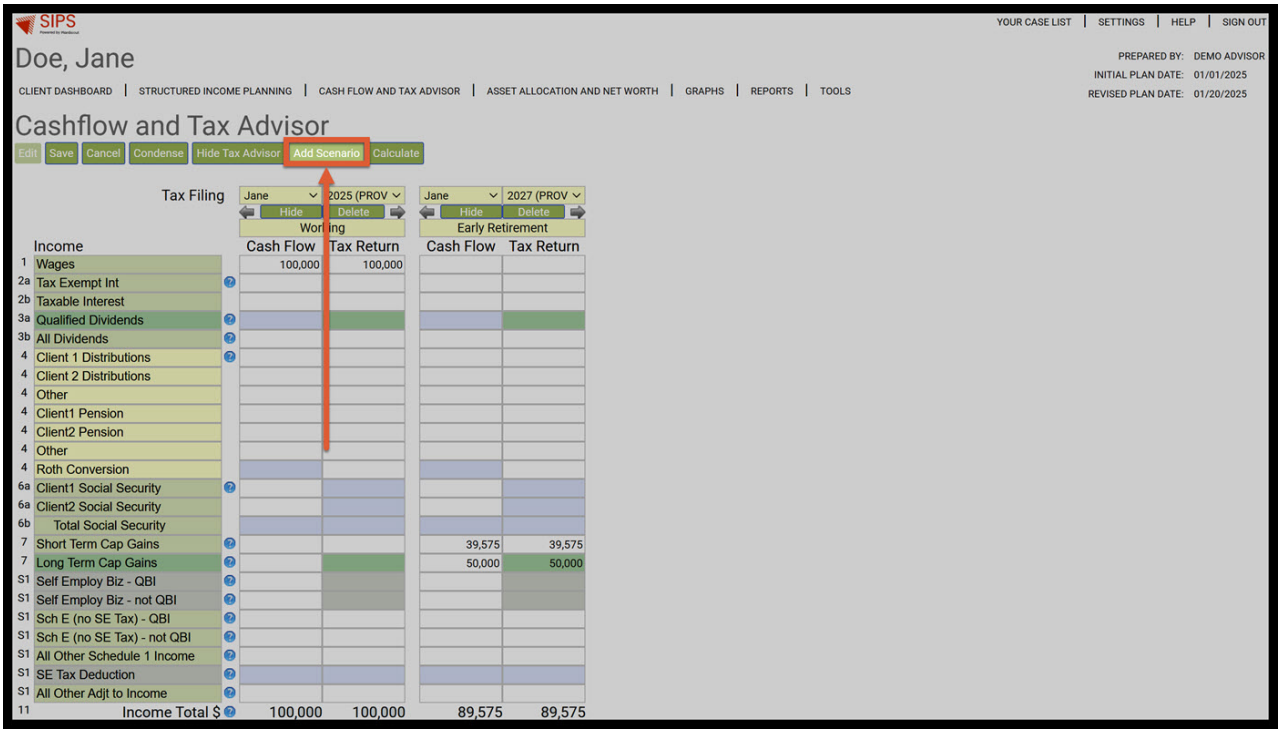


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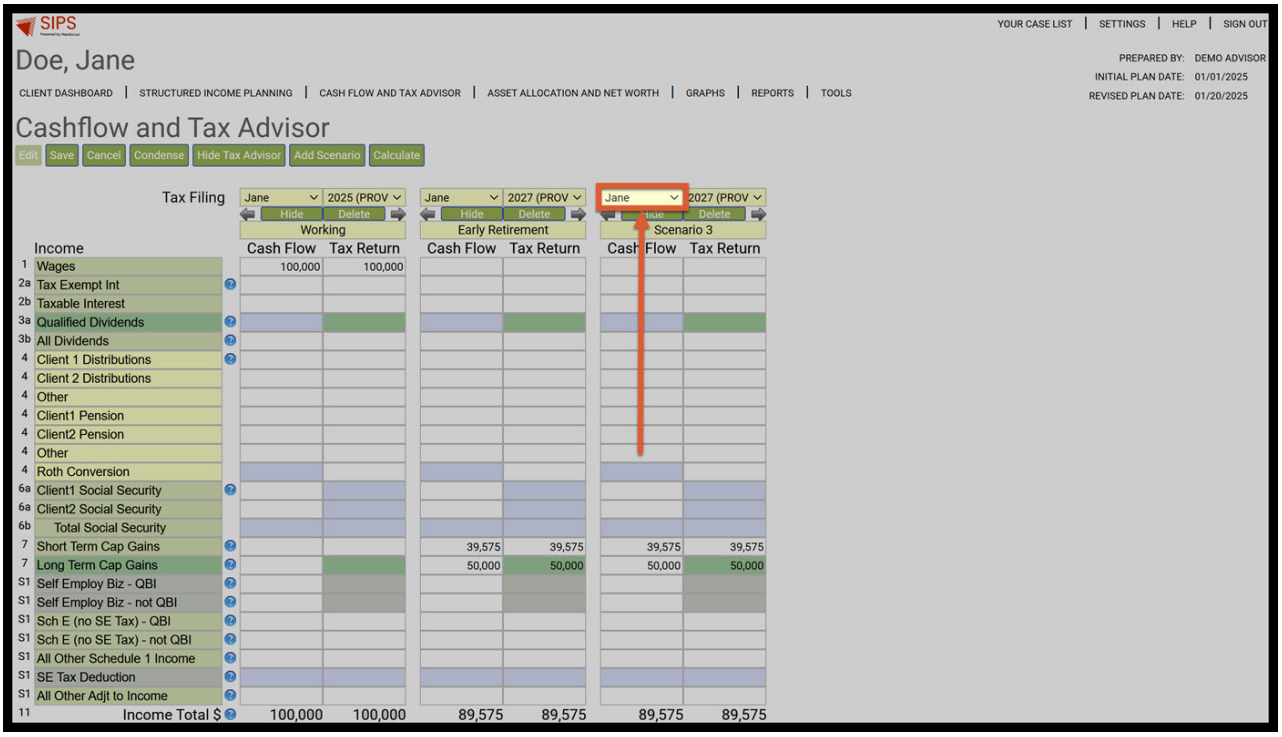
Step 3: Edit: Click on the green Edit button underneath the Cashflow and Tax Advisor heading.



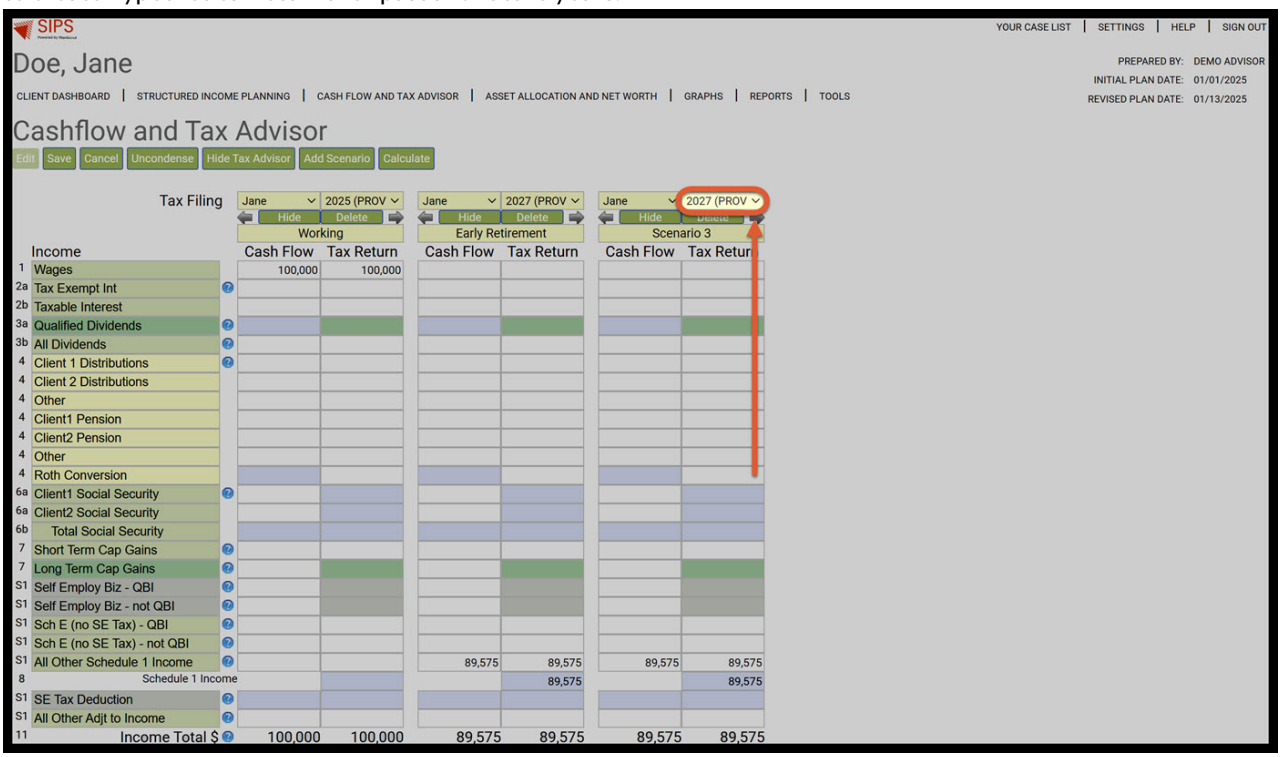
Step 4: Add Scenario: Click on the green add scenario button underneath the Cash Flow and Tax Advisor heading.



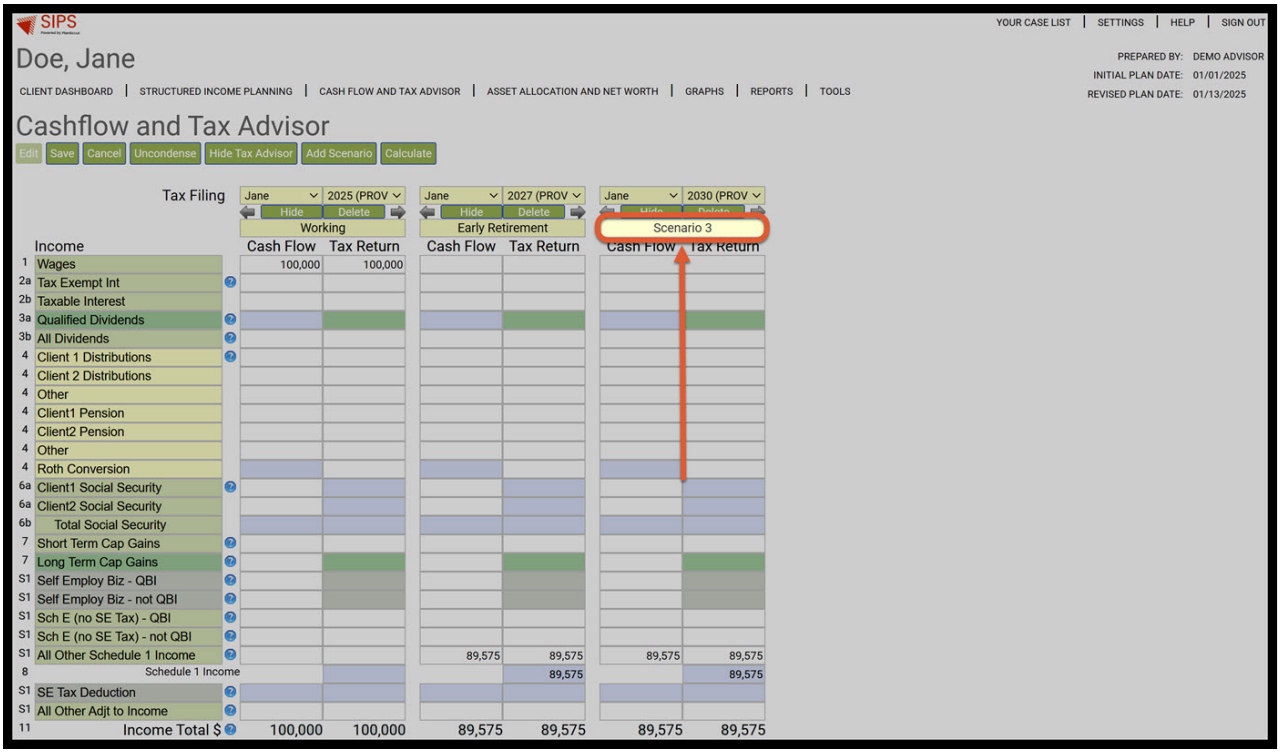
Step 5: Tax Filing Name: Click on the dropdown to select the tax filing (client 1, client 2, or joint).



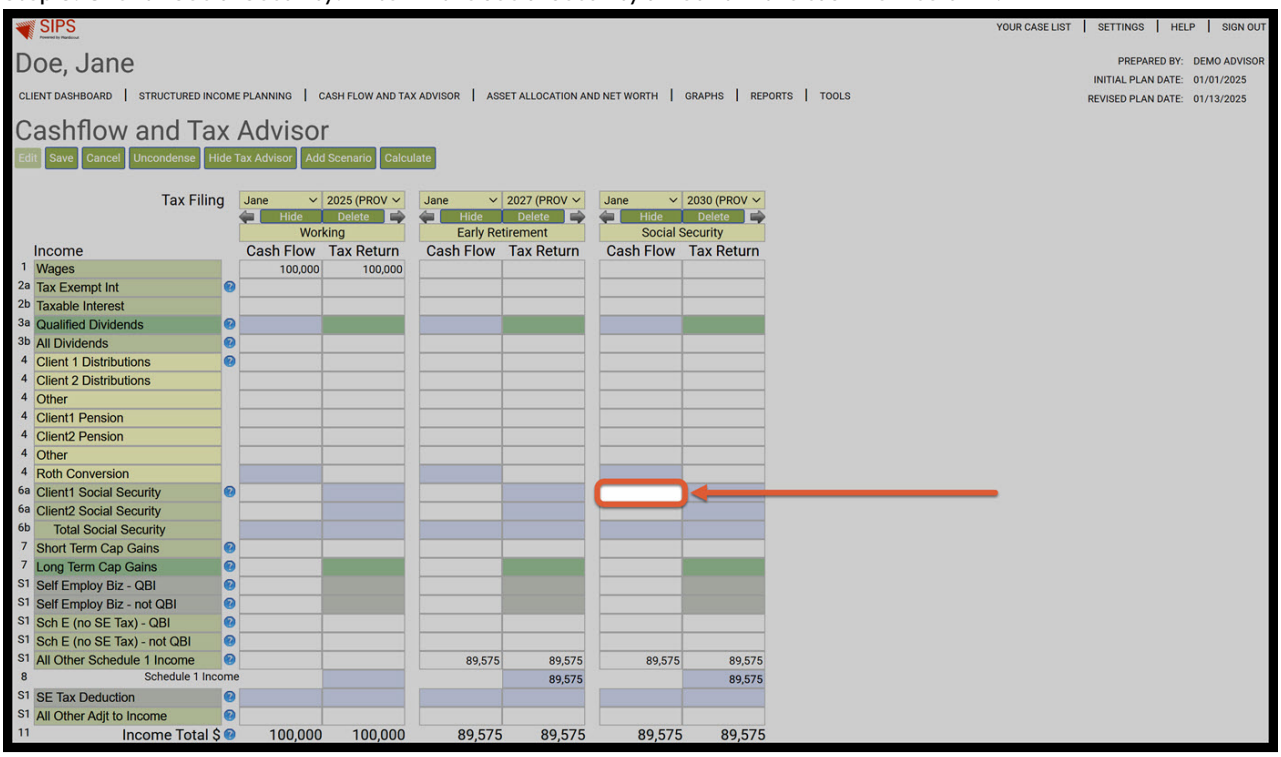
Step 6: Tax Filing Year: Click on the dropdown and select which tax year you would like to use. SIPS has the ability to create hypothetical returns for past and future years.



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

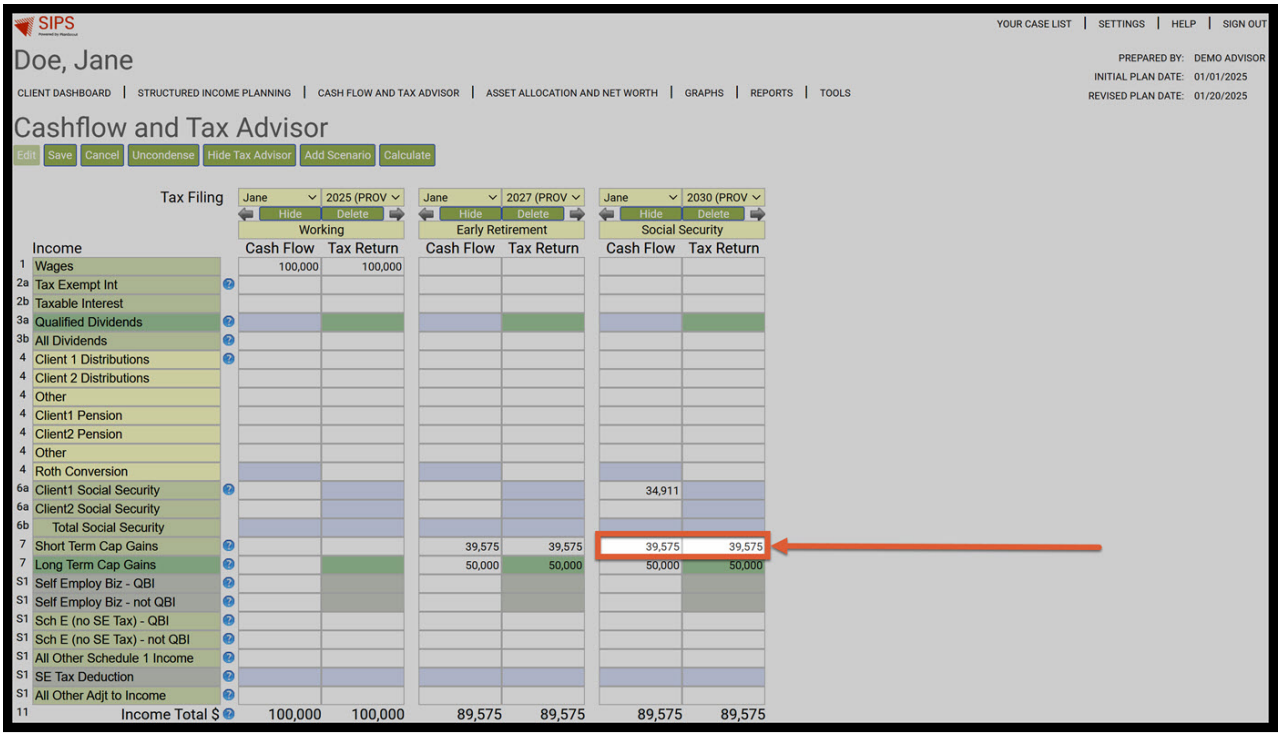


Step 8: Client1 Social Security: Enter in the social security amount in the cash flow column.

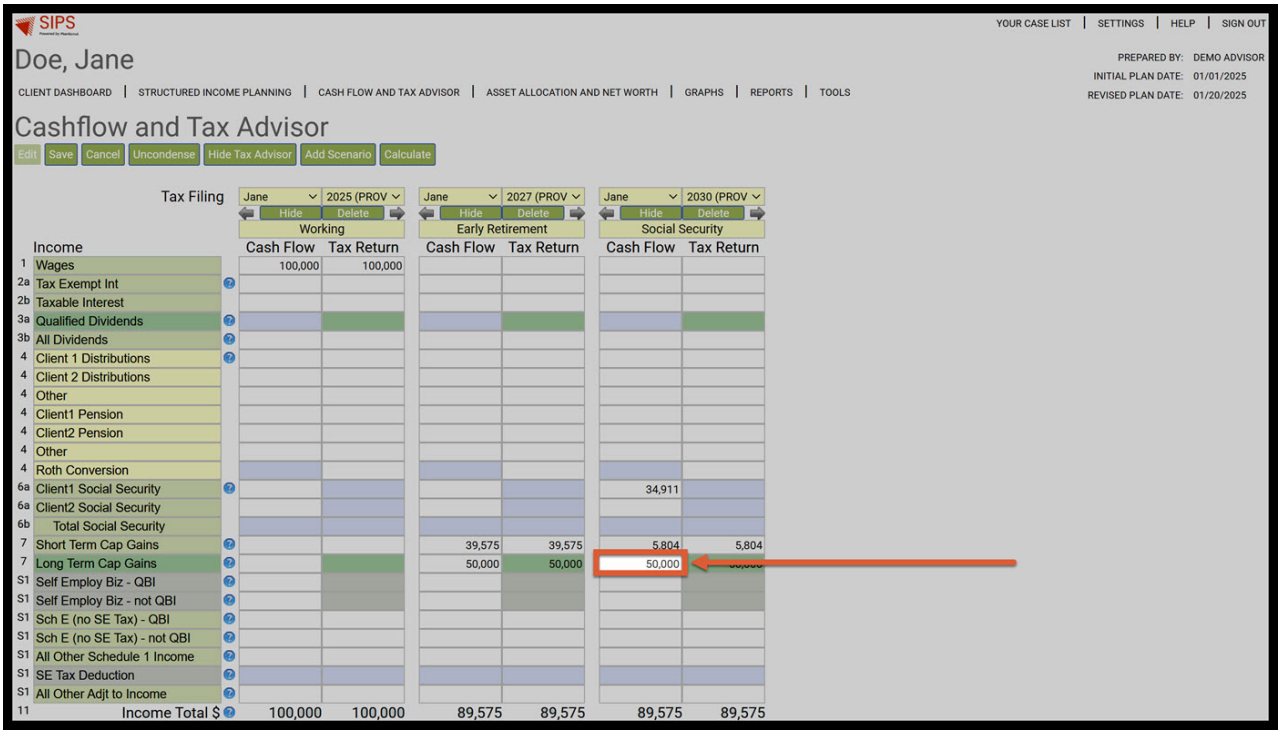


Step 9: Short Term Capital Gains: Delete the previous amount and enter the capital gains associated with the

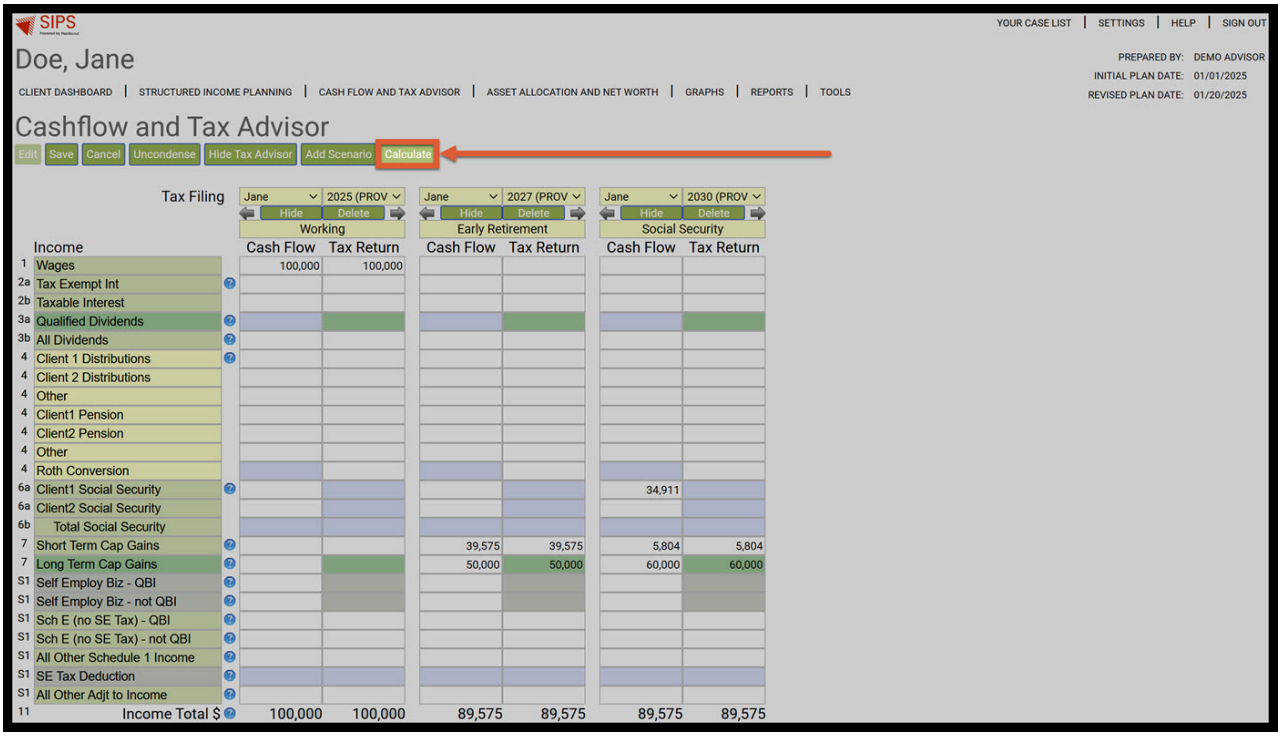
withdrawal from the non-qualified account. For this example, we will assume that $5,804 is a short-term capital gain associated with this withdrawal. You can enter these values in the Cash Flow column, the Tax Return amounts are automatically populated after you click on Calculate.



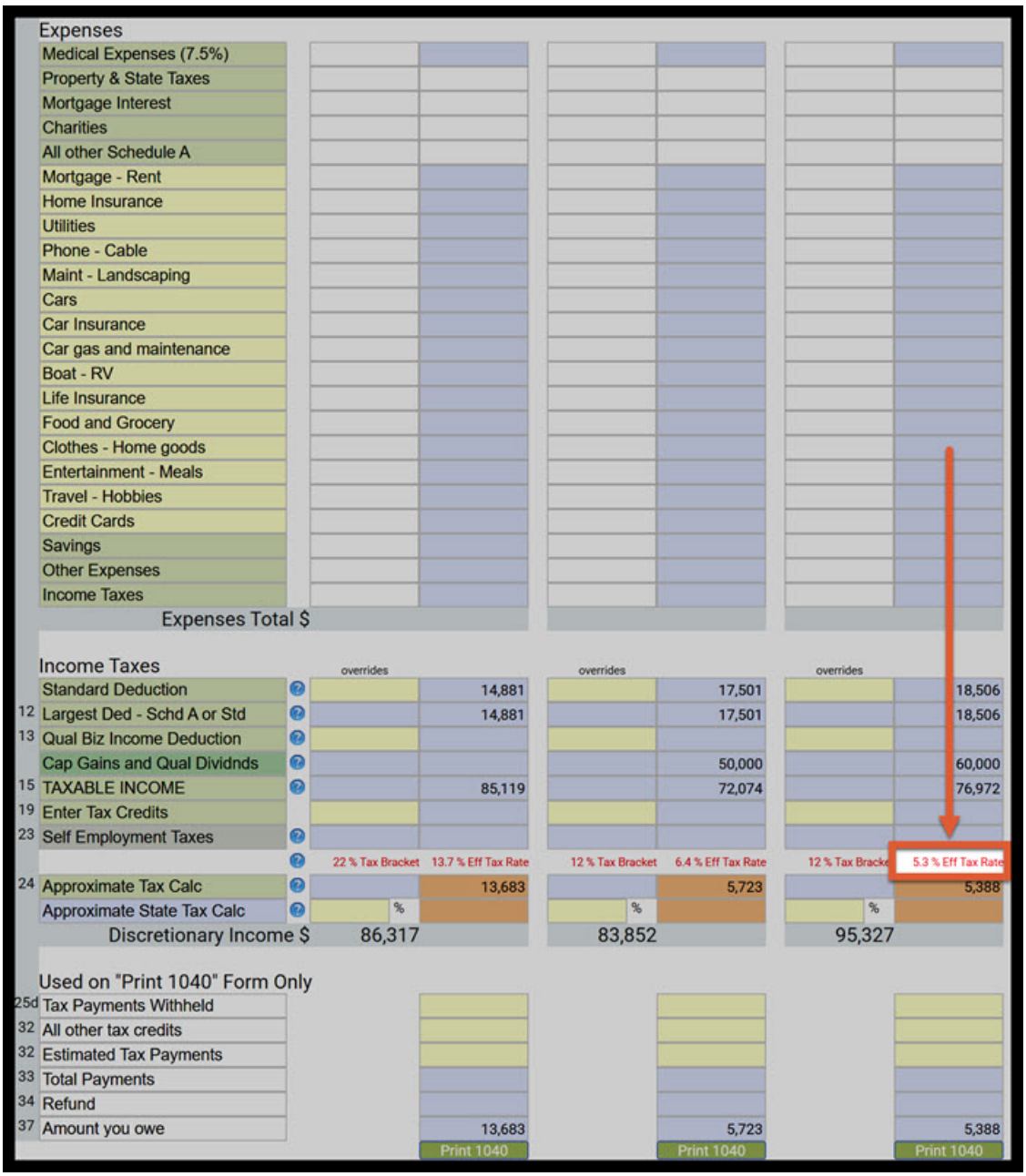
Step 10: Long Term Capital Gains: Delete the previous amount and enter the capital gains associated with the withdrawal from the non-qualified account. For this example, we will assume that $60,000 is a long-term capital gain associated with this withdrawal. You can enter these values in the Cash Flow column, the Tax Return amounts are automatically populated after you click on Calculate.



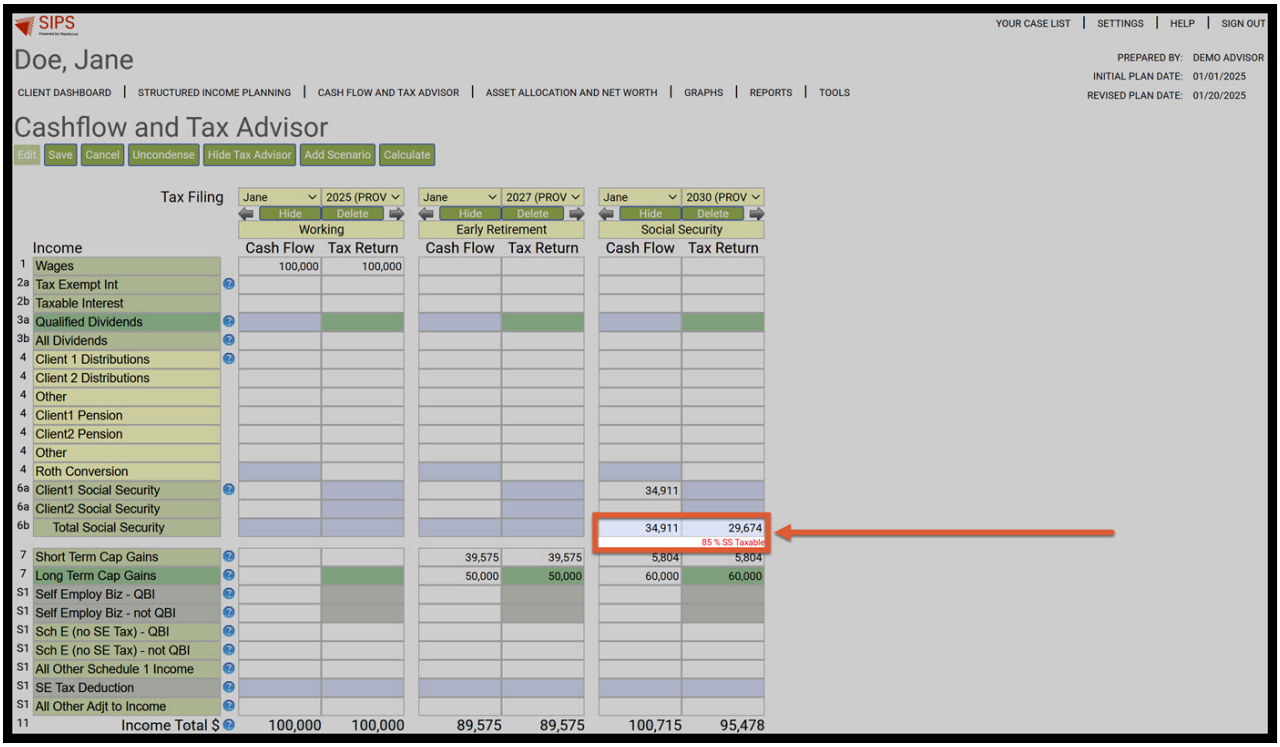
Step 11: Calculate: Click on the green calculate button underneath the Cashflow and Tax Advisor heading.



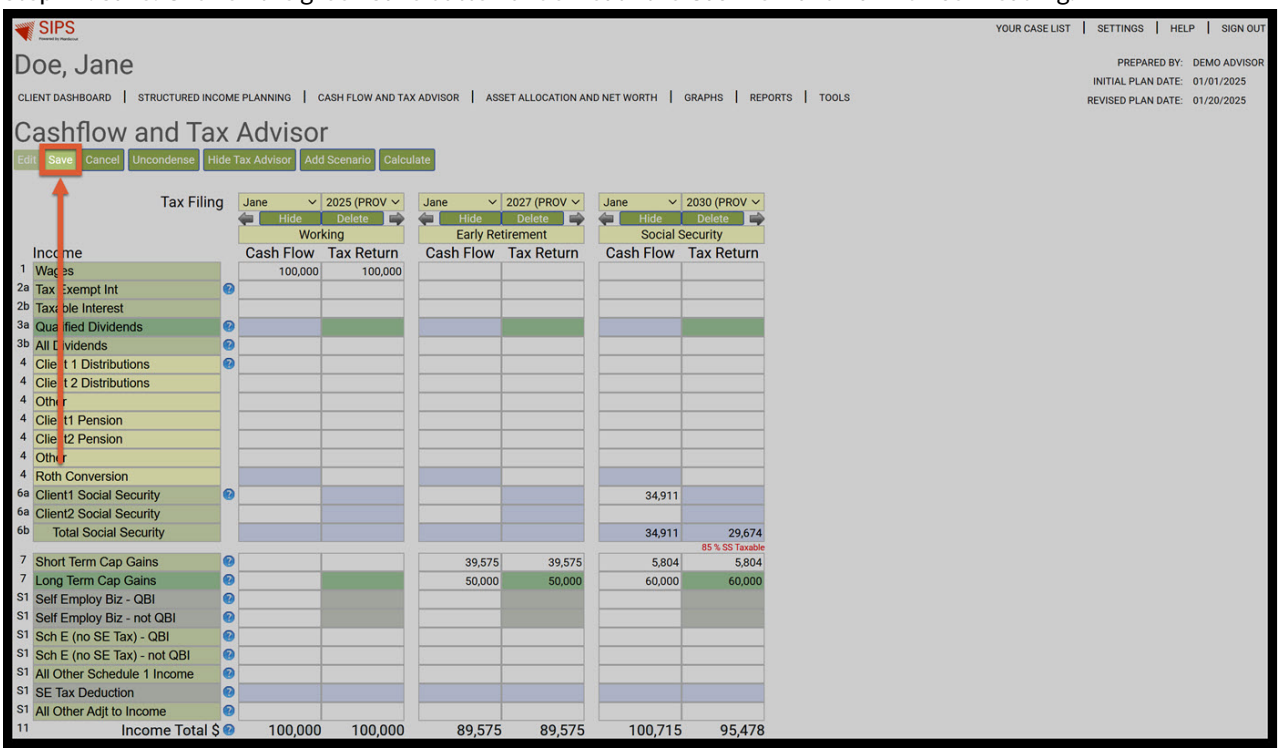
Step 12: Tax Bracket: Scroll down the page and take note of the marginal tax bracket and effective tax-rate "Eff Tax rate."



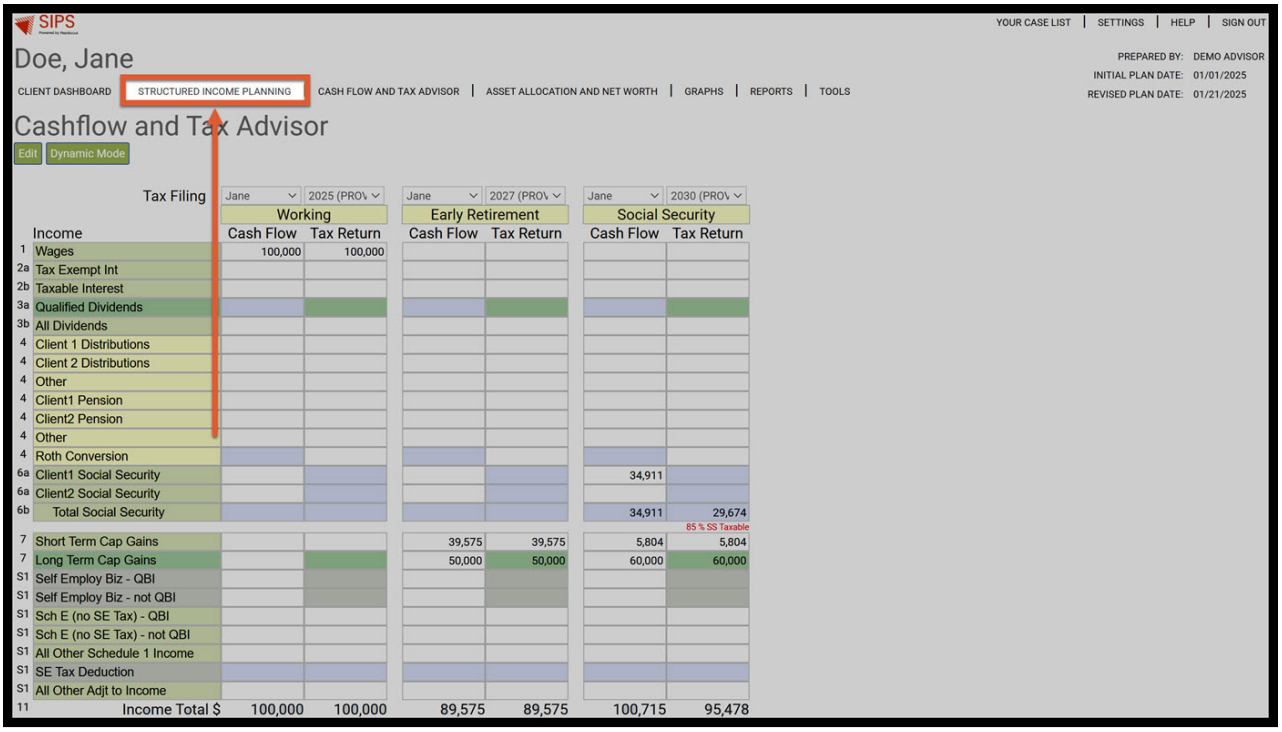
Step 13: Taxable Social Security: After clicking Calculate, SIPS will automatically show the amount and percentage of the social security that is taxable.



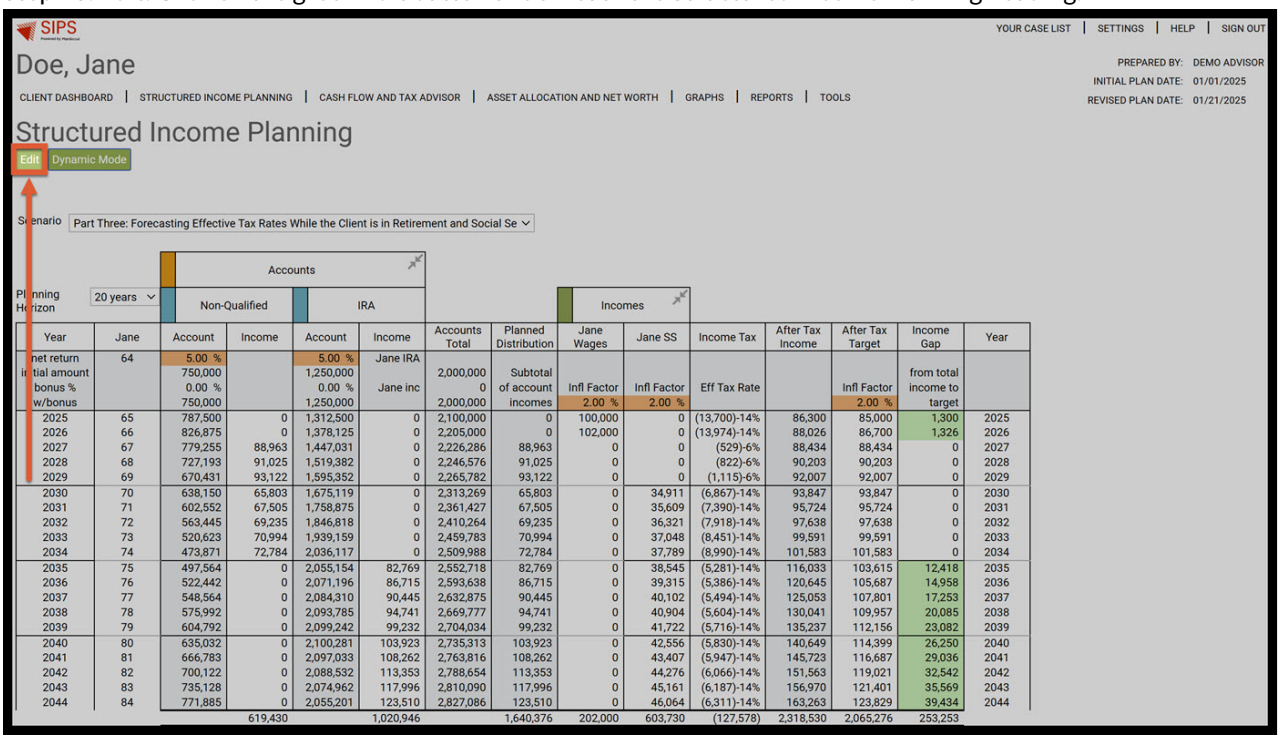
Step 14: Save: Click on the green Save button underneath the Cashflow and Tax Advisor heading.



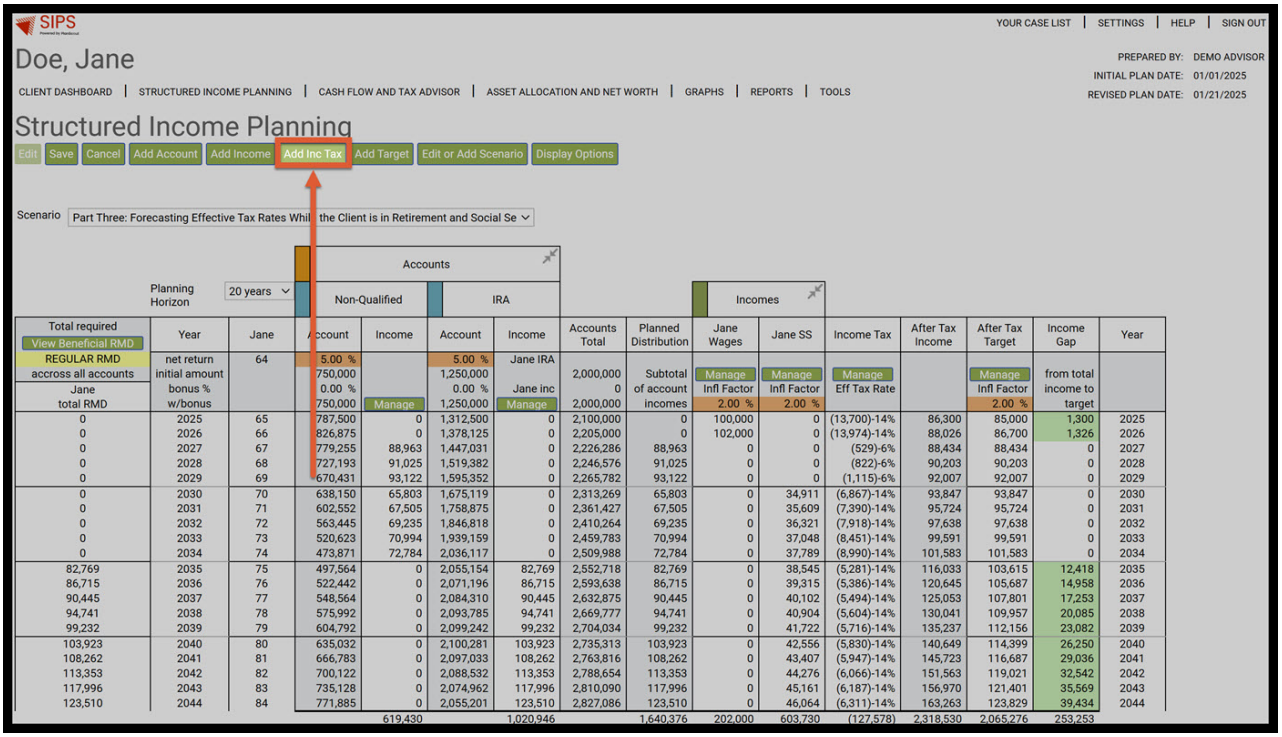
Step 15: Structured Income Planning: Click on the Structured Income Planning button underneath the Client's name heading.



Step 16: Edit: Click on the green Edit button underneath the Structured Income Planning heading.

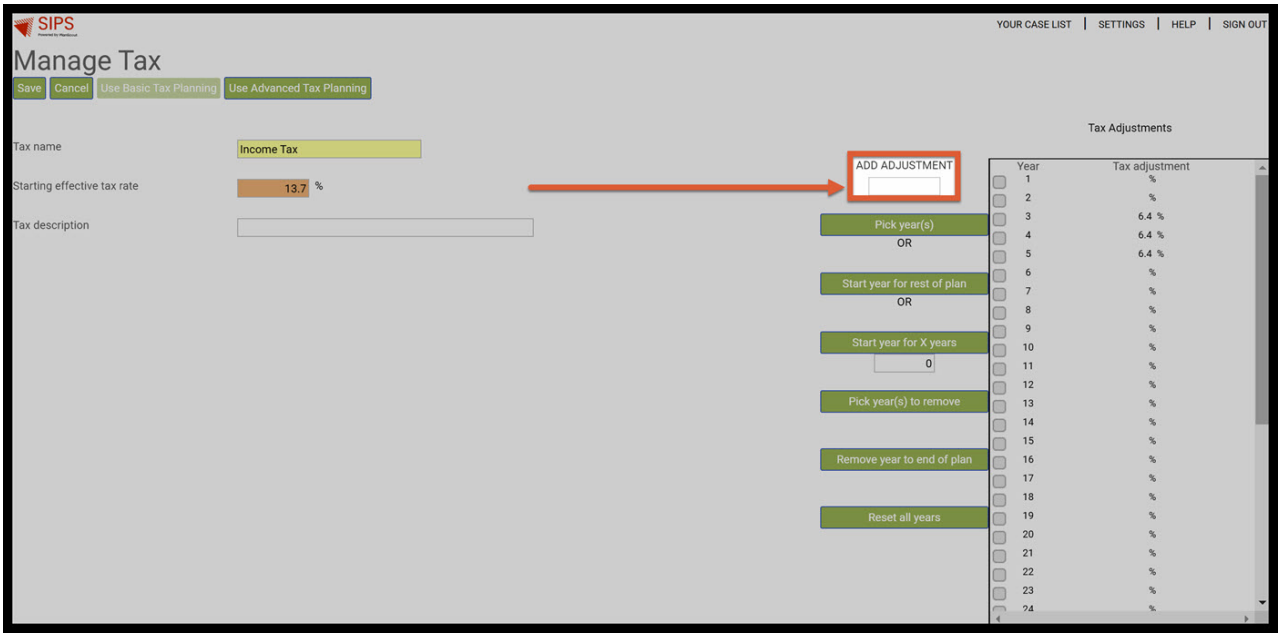


Step 17: Add Inc Tax: Click on the green Add Inc Tax button underneath the Structured Income Planning heading.



Total required View Beneficial RMD	Year	Jane	Account	Income	Account	Income	Accounts Total	Planned Distribution	Jane Wages	Jane SS	Income Tax	After Tax Income	After Tax Target	Income Gap	Year
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Step 18: Add Adjustment Text Box: Enter in the effective tax rate.



Step 19: Tax Adjustment Check Boxes: Click on the boxes that the effective tax rate will change.



Step 20: Pick Years: Click on the green Pick Year(s) button.



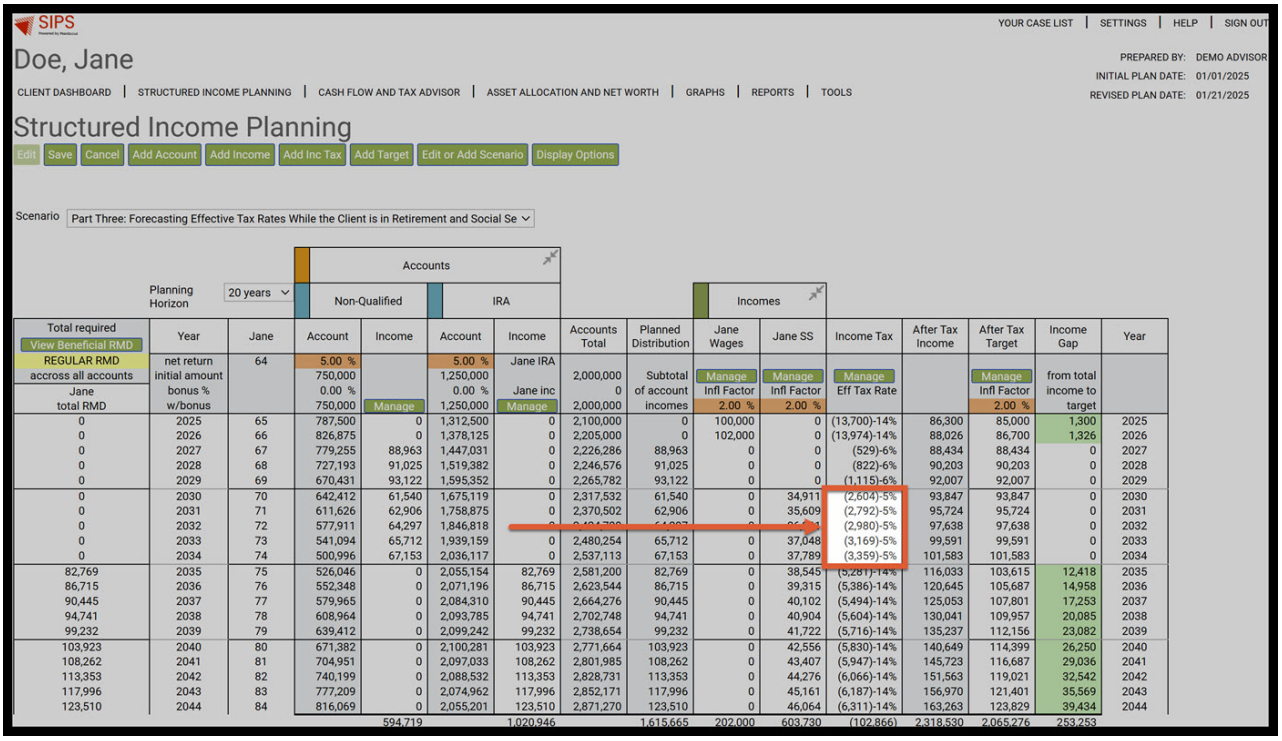
Step 21: Tax Adjustment Table: The new effective tax rate will automatically be entered into the Tax Adjustment Table.



Step 22: Save: Click on the green Save button underneath the Manage Tax heading.

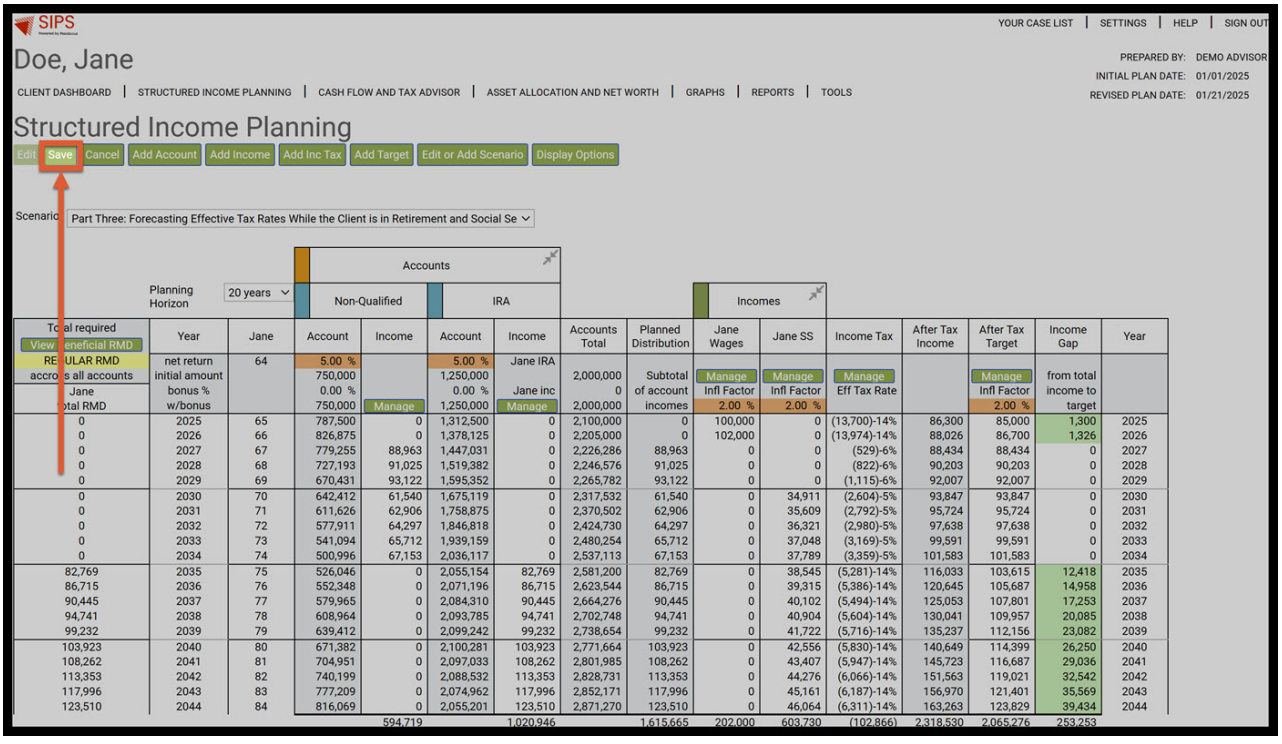


Step 23: Income Tax Column: The new effective tax rate will automatically be changed in the Income Tax Column.



Total required View Beneficial RMD	Year	Jane	Account	Income	Account	Income	Accounts Total	Planned Distribution	Jane Wages	Jane SS	Income Tax	After Tax Income	After Tax Target	Income Gap	Year
REGULAR RMD	net return	64	5.00 %		5.00 %	Jane IRA									
accross all accounts	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	779,255	88,963	1,447,031	0	2,226,286	88,963	0	0	(529)-6%	88,434	88,434	0	2027
0	2028	68	727,193	91,025	1,519,382	0	2,246,576	91,025	0	0	(822)-6%	90,203	90,203	0	2028
0	2029	69	670,431	93,122	1,595,352	0	2,265,782	93,122	0	0	(1,115)-6%	92,007	92,007	0	2029
0	2030	70	642,412	61,540	1,675,119	0	2,317,532	61,540	0	34,911	(2,604)-5%	93,847	93,847	0	2030
0	2031	71	611,626	62,906	1,758,875	0	2,370,502	62,906	0	35,609	(2,792)-5%	95,724	95,724	0	2031
0	2032	72	577,911	64,297	1,846,818	0	[illegible]	[illegible]	0	[illegible]	(2,980)-5%	97,638	97,638	0	2032
0	2033	73	541,094	65,712	1,939,159	0	2,480,254	65,712	0	37,048	(3,169)-5%	99,591	99,591	0	2033
0	2034	74	500,996	67,153	2,036,117	0	2,537,113	67,153	0	37,789	(3,359)-5%	101,583	101,583	0	2034
82,769	2035	75	526,046	0	2,055,154	82,769	2,581,200	82,769	0	38,545	(5,281)-14%	116,033	103,615	12,418	2035
86,715	2036	76	552,348	0	2,071,196	86,715	2,623,544	86,715	0	39,315	(5,386)-14%	120,645	105,687	14,958	2036
90,445	2037	77	579,965	0	2,084,310	90,445	2,664,276	90,445	0	40,102	(5,494)-14%	125,053	107,801	17,253	2037
94,741	2038	78	608,964	0	2,093,785	94,741	2,702,748	94,741	0	40,904	(5,604)-14%	130,041	109,957	20,085	2038
99,232	2039	79	639,412	0	2,099,242	99,232	2,738,654	99,232	0	41,722	(5,716)-14%	135,237	112,156	23,082	2039
103,923	2040	80	671,382	0	2,100,281	103,923	2,771,664	103,923	0	42,556	(5,830)-14%	140,649	114,399	26,250	2040
108,262	2041	81	704,951	0	2,097,033	108,262	2,801,985	108,262	0	43,407	(5,947)-14%	145,723	116,687	29,036	2041
113,353	2042	82	740,199	0	2,088,532	113,353	2,828,731	113,353	0	44,276	(6,066)-14%	151,563	119,021	32,542	2042
117,996	2043	83	777,209	0	2,074,962	117,996	2,852,171	117,996	0	45,161	(6,187)-14%	156,970	121,401	35,569	2043
123,510	2044	84	816,069	0	2,055,201	123,510	2,871,270	123,510	0	46,064	(6,311)-14%	163,263	123,829	39,434	2044
				594,719		1,020,946		1,615,665	202,000	603,730	(102,866)	2,318,530	2,065,276	253,253	

Step 24: Save: Click on the green save button underneath the Structured Income Planning heading.



Total required View Beneficial RMD	Year	Jane	Account	Income	Account	Income	Accounts Total	Planned Distribution	Jane Wages	Jane SS	Income Tax	After Tax Income	After Tax Target	Income Gap	Year
REGULAR RMD	net return	64	5.00 %		5.00 %	Jane IRA									
accross all accounts	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	779,255	88,963	1,447,031	0	2,226,286	88,963	0	0	(529)-6%	88,434	88,434	0	2027
0	2028	68	727,193	91,025	1,519,382	0	2,246,576	91,025	0	0	(822)-6%	90,203	90,203	0	2028
0	2029	69	670,431	93,122	1,595,352	0	2,265,782	93,122	0	0	(1,115)-6%	92,007	92,007	0	2029
0	2030	70	642,412	61,540	1,675,119	0	2,317,532	61,540	0	34,911	(2,604)-5%	93,847	93,847	0	2030
0	2031	71	611,626	62,906	1,758,875	0	2,370,502	62,906	0	35,609	(2,792)-5%	95,724	95,724	0	2031
0	2032	72	577,911	64,297	1,846,818	0	2,424,730	64,297	0	36,321	(2,980)-5%	97,638	97,638	0	2032
0	2033	73	541,094	65,712	1,939,159	0	2,480,254	65,712	0	37,048	(3,169)-5%	99,591	99,591	0	2033
0	2034	74	500,996	67,153	2,036,117	0	2,537,113	67,153	0	37,789	(3,359)-5%	101,583	101,583	0	2034
82,769	2035	75	526,046	0	2,055,154	82,769	2,581,200	82,769	0	38,545	(5,281)-14%	116,033	103,615	12,418	2035
86,715	2036	76	552,348	0	2,071,196	86,715	2,623,544	86,715	0	39,315	(5,386)-14%	120,645	105,687	14,958	2036
90,445	2037	77	579,965	0	2,084,310	90,445	2,664,276	90,445	0	40,102	(5,494)-14%	125,053	107,801	17,253	2037
94,741	2038	78	608,964	0	2,093,785	94,741	2,702,748	94,741	0	40,904	(5,604)-14%	130,041	109,957	20,085	2038
99,232	2039	79	639,412	0	2,099,242	99,232	2,738,654	99,232	0	41,722	(5,716)-14%	135,237	112,156	23,082	2039
103,923	2040	80	671,382	0	2,100,281	103,923	2,771,664	103,923	0	42,556	(5,830)-14%	140,649	114,399	26,250	2040
108,262	2041	81	704,951	0	2,097,033	108,262	2,801,985	108,262	0	43,407	(5,947)-14%	145,723	116,687	29,036	2041
113,353	2042	82	740,199	0	2,088,532	113,353	2,828,731	113,353	0	44,276	(6,066)-14%	151,563	119,021	32,542	2042
117,996	2043	83	777,209	0	2,074,962	117,996	2,852,171	117,996	0	45,161	(6,187)-14%	156,970	121,401	35,569	2043
123,510	2044	84	816,069	0	2,055,201	123,510	2,871,270	123,510	0	46,064	(6,311)-14%	163,263	123,829	39,434	2044
				594,719		1,020,946		1,615,665	202,000	603,730	(102,866)	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.