

02/22/2025 SIPS software update

02/22/2025 11:25 am EST

On February 22, 2025, the following updates were released in SIPS:

SIPS calculates hypothetical income taxes in future years in the Income Plan (in SIPS Advanced) and in the Cashflow and Tax Advisor. The income brackets and tax rates that are used in calculations use either the actual published rates from the IRS or an estimated tax-rate in the future if the IRS has not yet published a rate for that year.

Any estimated future tax-rate in SIPS includes the same tax bracket rates but have income thresholds that are adjusted at the historical average of how those income brackets have grown in the past, which tracks long-term inflation averages at 2.2%. Any tax year that has estimated tax-rates is marked as provisional or "PROV" in the Cashflow and Tax Advisor.

Each year when the IRS publishes the actual tax-rates, SIPS is updated with the actual published tax-rates and the tax rates and tax-brackets for future years are re-forecasted.

The Standard Deduction amount and Social Security taxability also follow this process.

What was updated:

Tax Bracket Threshold Values

The floor tax bracket values for 2025 have been updated to reflect the latest IRS adjustments (see: <https://www.irs.gov/pub/irs-drop/rp-24-40.pdf>). The new values are in the table below:

2025 Single Filer Tax Bracket Update

Previous Bracket Floor	Updated Bracket Floor	Bracket Rate *
\$0	\$0	10%
\$11,601	\$11,926	12%
\$47,151	\$48,476	22%
\$100,526	\$103,351	24%
\$191,951	\$197,301	32%
\$243,726	\$250,526	35%
\$609,350	\$626,351	37%

2025 Joint Filer Tax Brackets Update

Previous Bracket Floor	Updated Bracket Floor	Bracket Rate *
\$0	\$0	10%
\$23,201	\$23,850	12%
\$94,301	\$96,950	22%
\$201,051	\$206,700	24%
\$383,901	\$394,600	32%

\$487,451	\$501,050	35%
\$731,201	\$751,600	37%

*Note no changes to tax bracket percentage rates in 2025

Additionally, the bracket floor values for 2026 and all future years have been updated using historical averages. These tax years are marked as provisional in SIPS.

Self Employed Social Security Tax Limit Value

The 2025 Provision Self Employed Tax Limit value was updated to \$176,100 based upon the latest IRS updates. See <https://www.irs.gov/pub/irs-pdf/p15a.pdf>. SIPS was previously using \$168,600 as a provisional estimate for this value. The limit for 2026 and all future years have also been updated using historical averages. These tax years are marked as provisional in SIPS.

Standard Deduction

The 2025 provisional standard deduction for both single and joint filers has been updated to reflect the latest IRS adjustments.

Single Filer Standard Deduction Update:

Age	Previous Standard Deduction	Updated Standard Deduction
Under 65	\$14,600	\$15,000
Over 65	\$16,500	\$17,000

Joint Filer Standard Deduction Update:

Age	Previous Standard Deduction	Updated Standard Deduction
Under 65	\$29,200	\$30,000
One over 65	\$30,750	\$31,600
Both over 65	\$32,300	\$33,200

See: <https://www.irs.gov/pub/irs-drop/rp-24-40.pdf>. The standard deduction for 2026 and all future years have also been updated using historical averages. These tax years are marked as provisional in SIPS.

How the updates impact existing plans in SIPS prior to the release on 02/22/2025:

- The structured income planning screen will automatically reflect the new rates when you view a plan created in SIPS prior to the release.
- Plans with estimated taxes computed prior to the release in the Cashflow and Tax Advisor screen will not be automatically updated.

1. To apply the updates go to the Cashflow and Tax Advisor screen
2. Click "Edit"
3. Click "Calculate" to apply the changes (after the screen is refreshed the new calculations will be visible).
4. Click "Save"

How the updates impact new plans created in SIPS after the release on 02/22/2025:

- Any all new plans will use the updated threshold floors, limits, and standard deduction values automatically

- Any new tax calculations on the Cashflow and Tax Advisor screen will automatically include the updated floors, limits, and rates.

Need more help?

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