

Readjusting Target Income in Older Age Using the Target Adjustment Table

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The Target Adjustment Table allows you to manually update target income at specific ages during retirement planning. Below is a hypothetical example of readjusting the target income using the target adjustment table.

Client Information:

- Jane Doe, age 60, birth date: 01/01/1966, retirement age: 67

Incomes:

- Wages: \$175,000 growing at 3% per year
- Social Security (SS) at 67: \$24,000, COLA at 2.8%
- Pension at 67: \$48,000 COLA at 2.8%

Assets:

- Roth 401(k): \$1,600,000, Moderate 3% net growth per year
- Traditional IRA: \$400,000, Moderate 3% net growth per year
- Taxable Brokerage Account: \$500,000, Moderate 3% net growth per year

Goals and Objectives:

- Target Income: While working, the target income is \$110,000 with an inflation factor of 2.8%. At age 67 the target income will be readjusted to \$125,000. At age 80 the target income will be readjusted to \$150,000.
- Traditional IRA: In retirement years, withdrawal amounts to meet the target income.
- ROTH 401(k): Roth 401(k): Contribute 5% of employee income per year to receive the full match from the employer until age 67. When RMDs begin, withdraw the full amount for the remainder of the plan.
- Taxable Brokerage Account: Contribute any excess amount for the remainder of the plan. Withdraw from the account to help meet the target income.

Expenses:

- Travel: While working \$6,000 with an inflation rate of 2.8%, at age 67, \$8,000 with an inflation rate of 2.8% until age 80.
- Gifting: \$6,000 for the remainder of the plan.

SIPS provides other shortcuts to more accurately forecast spending as your clients age. Below is a list of helpful articles:

- [Percent Decrease Target Income Function](#)
- [Limit Inflation in Old Age Function](#)
- [Readjusting Target Income in Older Age](#)

Step 1: Edit: Click the green Edit button beneath the Structured Income Planning heading.

Structured Income Planning

Scenario: Readjusting Target Income in Older Age

Planning Horizon: 40 years

Year	Jane	Accounts			Accounts Total	Planned Distribution	Percent Distribution	Incomes					Expenses			Approx Income Tax	After Tax Income	Readjustment Target Income	Income Gap	Year
		Traditional IRA	ROTH 401(k)	Taxable Brokerage Account				Wages	Employer Match	SS	Pension	Travel	Gifting	Eff Tax Rate						
net return	60	3.00%	Jane IRA	3.00%	Jane IRA	3.00%	2,500,000	Subtotal of account incomes	3.00%	3.00%	2.80%	2.80%	0.00%	0.00%	0.00%	0.00%	110,000	110,000	0	end of 1
initial amount	60	400,000	1,600,000	500,000	2,500,000	0	0	175,000	8,750	0	0	0	0	0	0	0	0	0	0	end of 1
bonus %	60	0.00%	0.00%	0.00%	0	0	0	180,250	9,012	0	0	0	0	0	0	0	0	0	0	end of 2
w/bonus	60	400,000	1,600,000	500,000	2,500,000	0	0	185,658	9,283	0	0	0	0	0	0	0	0	0	0	end of 3
end of 1	60	412,000	1,665,500	519,475	2,596,975	(21,975)	-0.88%	175,000	8,750	0	0	0	0	0	0	0	0	0	0	end of 4
end of 2	61	424,360	1,733,489	541,636	2,699,485	(24,601)	-0.95%	180,250	9,012	0	0	0	0	0	0	0	0	0	0	end of 5
end of 3	62	437,091	1,804,060	566,142	2,807,292	(26,823)	-0.99%	185,658	9,283	0	0	0	0	0	0	0	0	0	0	end of 6
end of 4	63	450,204	1,877,303	592,797	2,920,304	(28,792)	-1.02%	191,227	9,561	0	0	0	0	0	0	0	0	0	0	end of 7
end of 5	64	463,710	1,953,318	621,413	3,038,440	(30,528)	-1.04%	196,964	9,848	0	0	0	0	0	0	0	0	0	0	end of 8
end of 6	65	477,621	2,032,206	652,540	3,162,356	(32,773)	-1.08%	202,873	10,144	0	0	0	0	0	0	0	0	0	0	end of 9
end of 7	66	491,950	2,114,068	688,249	3,294,266	(37,029)	-1.17%	208,959	10,448	0	0	0	0	0	0	0	0	0	0	end of 10
end of 8	67	506,708	2,177,490	708,896	3,393,094	0	0.00%	0	0	27,554	48,000	8,000	6,000	8,200	9,000	53,034	133,458	(80,424)	end of 11	
end of 9	68	521,909	2,242,815	730,163	3,494,887	0	0.00%	0	0	28,326	49,344	8,000	6,000	8,735	9,493	54,935	137,195	(82,260)	end of 12	
end of 10	69	537,566	2,310,099	752,068	3,599,734	0	0.00%	0	0	29,119	50,726	8,000	6,000	9,006	9,638	56,838	141,036	(84,198)	end of 13	
end of 11	70	553,693	2,379,402	774,630	3,707,726	0	0.00%	0	0	29,934	52,146	8,000	6,000	9,521	9,859	58,759	144,985	(86,226)	end of 14	
end of 12	71	570,304	2,450,784	797,869	3,818,958	0	0.00%	0	0	30,772	53,606	8,000	6,000	9,671	9,607	60,707	149,045	(88,338)	end of 15	
end of 13	72	587,413	2,524,308	821,805	3,933,526	0	0.00%	0	0	31,634	55,107	8,000	6,000	10,050	9,629	62,691	153,218	(90,527)	end of 16	
end of 14	73	605,036	2,600,037	846,459	4,051,532	0	0.00%	0	0	32,519	56,650	8,000	6,000	10,454	9,671	64,715	157,508	(92,793)	end of 17	
end of 15	74	623,187	2,678,038	871,853	4,173,078	0	0.00%	0	0	33,430	58,236	8,000	6,000	10,880	9,676	66,786	161,918	(95,132)	end of 18	
end of 16	75	641,882	2,758,379	898,008	4,298,270	0	0.00%	0	0	34,366	59,867	8,000	6,000	11,306	9,692	68,927	166,452	(97,535)	end of 19	
end of 17	76	661,139	2,841,130	924,949	4,427,218	0	0.00%	0	0	35,328	61,543	8,000	6,000	11,732	10,000	71,139	171,113	(99,773)	end of 20	
end of 18	77	680,973	2,926,364	952,697	4,560,034	0	0.00%	0	0	36,317	63,266	8,000	6,000	12,175	10,000	73,409	175,904	(102,495)	end of 21	
end of 19	78	701,402	3,014,155	981,278	4,696,835	0	0.00%	0	0	37,334	65,038	8,000	6,000	12,634	10,000	75,738	180,829	(105,091)	end of 22	
end of 20	79	722,444	3,104,579	1,010,716	4,837,740	0	0.00%	0	0	38,380	66,859	8,000	6,000	13,109	10,000	78,130	185,892	(107,763)	end of 23	
end of 21	80	744,118	3,199,068	1,041,038	4,982,872	0	0.00%	0	0	39,454	68,731	0	6,000	13,602	10,000	80,583	191,097	(110,514)	end of 24	
end of 22	81	766,441	3,293,648	1,072,269	5,132,358	0	0.00%	0	0	40,559	70,655	0	6,000	14,111	10,000	83,103	196,448	(113,345)	end of 25	
end of 23	82	789,434	3,392,457	1,104,437	5,286,328	0	0.00%	0	0	41,695	72,634	0	6,000	14,637	10,000	85,691	201,949	(116,257)	end of 26	
end of 24	83	813,117	3,494,231	1,137,570	5,444,918	0	0.00%	0	0	42,862	74,667	0	6,000	15,182	10,000	88,348	207,603	(119,236)	end of 27	
end of 25	84	837,511	3,599,058	1,171,697	5,608,265	0	0.00%	0	0	44,062	76,758	0	6,000	15,744	10,000	90,976	213,416	(122,340)	end of 28	
end of 26	85	862,636	3,707,029	1,206,948	5,776,513	0	0.00%	0	0	45,296	78,907	0	6,000	16,325	10,000	101,878	219,392	(125,513)	end of 29	
end of 27	86	888,515	3,818,240	1,243,053	5,949,808	0	0.00%	0	0	46,564	81,117	0	6,000	16,925	10,000	104,756	225,535	(128,779)	end of 30	
end of 28	87	915,170	3,932,787	1,280,345	6,128,302	0	0.00%	0	0	47,868	83,388	0	6,000	17,545	11,000	107,711	231,850	(132,139)	end of 31	
end of 29	88	942,626	4,050,770	1,317,855	6,312,152	0	0.00%	0	0	49,208	85,723	0	6,000	18,185	11,000	110,746	238,242	(135,693)	end of 32	
end of 30	89	970,904	4,172,293	1,358,318	6,501,516	0	0.00%	0	0	50,586	88,123	0	6,000	18,847	11,000	113,862	245,015	(139,153)	end of 33	
end of 31	90	1,000,031	4,297,462	1,399,068	6,696,561	0	0.00%	0	0	52,003	90,591	0	6,000	19,529	11,000	117,064	251,876	(142,811)	end of 34	
end of 32	91	1,030,032	4,426,386	1,441,040	6,897,458	0	0.00%	0	0	53,459	93,127	0	6,000	20,234	11,000	120,352	258,928	(146,540)	end of 35	
end of 33	92	1,060,933	4,569,177	1,484,271	7,104,381	0	0.00%	0	0	54,956	95,735	0	6,000	20,962	11,000	123,728	266,178	(150,345)	end of 36	
end of 34	93	1,092,761	4,723,952	1,528,799	7,317,512	0	0.00%	0	0	56,494	98,415	0	6,000	21,713	11,000	127,197	273,631	(154,434)	end of 37	
end of 35	94	1,125,544	4,886,830	1,574,663	7,537,037	0	0.00%	0	0	58,076	101,171	0	6,000	22,489	11,000	130,758	281,293	(158,535)	end of 38	
end of 36	95	1,159,310	5,051,936	1,621,902	7,763,148	0	0.00%	0	0	59,702	104,004	0	6,000	23,290	11,000	134,416	289,169	(162,733)	end of 39	
end of 37	96	1,194,090	5,228,384	1,670,560	7,994,042	0	0.00%	0	0	61,374	106,916	0	6,000	24,117	11,000	138,173	297,266	(167,037)	end of 40	
end of 38	97	1,229,912	5,408,335	1,720,676	8,235,923	0	0.00%	0	0	63,093	109,909	0	6,000	24,970	11,000	142,032	305,589	(171,557)	end of 41	
end of 39	98	1,266,810	5,594,895	1,772,296	8,483,001	0	0.00%	0	0	64,859	112,987	0	6,000	25,850	11,000	145,996	314,446	(176,150)	end of 42	
end of 40	99	1,304,814	5,807,212	1,825,465	8,737,491	0	0.00%	0	0	66,675	116,150	0	6,000	26,760	11,000	150,066	323,942	(181,276)	end of 43	
										1,340,931	67,047	1,463,861	2,550,095	(146,000)	(240,000)	(812,282)	4,021,130	7,928,002	(3,006,873)	

Step 2: Manage: Click the green Manage button in the Readjustment Target Income column.

Structured Income Planning

Scenario: Readjusting Target Income in Older Age

Planning Horizon: 40 years

Year	Jane	Accounts			Accounts Total	Planned Distribution	Percent Distribution	Incomes					Expenses			Approx Income Tax	After Tax Income	Readjustment Target Income	Income Gap	Year
		Traditional IRA	ROTH 401(k)	Taxable Brokerage Account				Wages	Employer Match	SS	Pension	Travel	Gifting	Eff Tax Rate						
REGULAR RMD	60	3.00%	Jane IRA	3.00%	Jane IRA	3.00%	2,500,000	Subtotal of account incomes	3.00%	3.00%	2.80%	2.80%	0.00%	0.00%	0.00%	110,000	110,000	0	end of 1	
View Beneficial RMD	60	400,000	1,600,000	500,000	2,500,000	0	0	175,000	8,750	0	0	0	0	0	0	0	0	0	0	end of 2
across all accounts	60	0.00%	0.00%	0.00%	0	0	0	180,250	9,012	0	0	0	0	0	0	0	0	0	0	end of 3
total RMD	60	400,000	1,600,000	500,000	2,500,000	0	0	185,658	9,283	0	0	0	0	0	0	0	0	0	0	end of 4
end of 1	60	412,000	1,665,500	519,475	2,596,975	(21,975)	-0.88%	175,000	8,750	0	0	0	0	0	0	0	0	0	0	end of 5
end of 2	61	424,360	1,733,489	541,636	2,699,485	(24,601)	-0.95%	180,250	9,012	0	0	0	0	0	0	0	0	0	0	end of 6
end of 3	62	437,091	1,804,060	566,142	2,807,292	(26,823)	-0.99%	185,658	9,283	0	0	0	0	0	0	0	0	0	0	end of 7
end of 4	63	450,204	1,877,303	592,797	2,920,304	(28,792)	-1.02%	191,227	9,561	0	0	0								

Step 3: Add Adjustment Textbox: In the Adjustment Textbox, enter the revised target income amount (\$125,000).

The screenshot shows the 'Manage Target' interface. On the left, there are various input fields for target configuration, including 'Target name' (Readjustment Target Income), 'First year target income' (\$110,000), 'Inflation rate' (2.8%), and 'Age for limit' (0). On the right, there is a 'Target Adjustments' section with a list of years from 1 to 24. Above this list, there is an 'ADD ADJUSTMENT' section with a text input field containing '125,000', a 'Pick year(s)' button, a 'Pick year(s) to remove' button, and a 'Reset all years' button. A red arrow points to the '125,000' input field.

Step 4: Year Checkbox: Click the appropriate Year Checkbox (8).

The screenshot shows the 'Manage Target' interface. The 'ADD ADJUSTMENT' section now shows the value '125,000' in the text input field. The 'Pick year(s)' button is highlighted with a red box and a red arrow pointing to it. The 'Target Adjustments' list on the right shows the checkbox for year 8 is checked.

Step 5: Pick Year(s): Click the green Pick Year(s) button.

Manage Target

Save Cancel

Target name: Readjustment Target Income

First year target income: \$110,000

Inflation rate: 2.8 %

Target description:

Limit inflation in old age:

Age for limit: Client 1 age Client 2 age

Decrease target income in later years:

Percentage decrease: 5%

Age to decrease income: Client 1 age Client 2 age

ADD ADJUSTMENT:

Pick year(e)

Pick year(s) to remove

Reset all years

Year	Target adjustment
1	
2	
3	
4	
5	
6	
7	
8	<input checked="" type="checkbox"/>
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	
21	
22	
23	
24	

Step 6: Target Adjustment Table: SIPS automatically moves the revised amount into the Target Adjustment Table.

Manage Target

Save Cancel

Target name: Readjustment Target Income

First year target income: \$110,000

Inflation rate: 2.8 %

Target description:

Limit inflation in old age:

Age for limit: Client 1 age Client 2 age

Decrease target income in later years:

Percentage decrease: 5%

Age to decrease income: Client 1 age Client 2 age

ADD ADJUSTMENT:

Pick year(e)

Pick year(s) to remove

Reset all years

Year	Target adjustment
1	
2	
3	
4	
5	
6	
7	
8	<input checked="" type="checkbox"/> 125,000
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	
21	
22	
23	
24	

Step 7: Add Adjustment Textbox: In the Adjustment Textbox, enter the revised target income amount (\$150,000).

Manage Target

Save Cancel

Target name: Readjustment Target Income

First year target income: \$110,000

Inflation rate: 2.8 %

Target description:

Limit inflation in old age:

Age for limit: Client 1 age Client 2 age

Decrease target income in later years:

Percentage decrease: 5%

Age to decrease income: Client 1 age Client 2 age

ADD ADJUSTMENT

Pick year(s)

Pick year(s) to remove

Reset all years

Year	Target adjustment
1	
2	
3	
4	
5	
6	
7	
8	125,000
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	
21	
22	
23	
24	

Step 8: Year Checkbox: Click the appropriate Year Checkbox (21).

Manage Target

Save Cancel

Target name: Readjustment Target Income

First year target income: \$110,000

Inflation rate: 2.8 %

Target description:

Limit inflation in old age:

Age for limit: Client 1 age Client 2 age

Decrease target income in later years:

Percentage decrease: 5%

Age to decrease income: Client 1 age Client 2 age

ADD ADJUSTMENT

Pick year(s)

Pick year(s) to remove

Reset all years

Year	Target adjustment
1	
2	
3	
4	
5	
6	
7	
8	125,000
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	
21	
22	
23	
24	

Step 9: Pick Year(s): Click the green Pick Year(s) button.

Manage Target

Target name:

First year target income:

Inflation rate: %

Target description:

Limit inflation in old age:

Age for limit: Client 1 age Client 2 age

Decrease target income in later years:

Percentage decrease:

Age to decrease income: Client 1 age Client 2 age

ADD ADJUSTMENT:

Year	Target adjustment
1	
2	
3	
4	
5	
6	
7	
8	125,000
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	
21	
22	
23	
24	

Step 10: Target Adjustment Table: SIPS automatically moves the revised amount into the Target Adjustment Table.

Manage Target

Target name:

First year target income:

Inflation rate: %

Target description:

Limit inflation in old age:

Age for limit: Client 1 age Client 2 age

Decrease target income in later years:

Percentage decrease:

Age to decrease income: Client 1 age Client 2 age

ADD ADJUSTMENT:

Year	Target adjustment
1	
2	
3	
4	
5	
6	
7	
8	125,000
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	
21	150,000
22	
23	
24	

Step 11: Save: Click the green Save button beneath the Manage Target heading.

Manage Target

Save Cancel

Target name: Readjustment Target Income

First year target income: \$110,000

Inflation rate: 2.8%

Target description:

Limit inflation in old age:

Age for limit: 0 Client 1 age Client 2 age

Decrease target income in later years:

Percentage decrease: 5% v

Age to decrease income: 0 Client 1 age Client 2 age

ADD ADJUSTMENT

Pick year(s)

Pick year(s) to remove

Reset all years

Year Target adjustment

1	
2	
3	
4	
5	
6	
7	
8	125,000
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	
21	150,000
22	
23	
24	

Step 12: Structured Income Planning Landing Page: SIPS automatically returns you to the Structured Income Planning Landing Page.

Structured Income Planning

Scenario: Readjusting Target Income in Older Age

Total required		Accounts		Incomes		Expenses		Readjustment Target Income		Income Gap		Year				
Year	Year	Account	Income	Account	Income	Wages	Employer Match	SS	Pension	Travel	Gifts	Approx Income Tax	After Tax Income	Readjustment Target Income	Income Gap	Year
60	60	412,000	1,665,500	1,600,000	500,000	175,000	9,750	0	0	0	0	110,000	110,000	0	0	end of 1
61	61	424,800	1,733,489	1,680,000	500,000	180,250	9,012	0	0	0	0	113,080	113,080	0	0	end of 2
62	62	437,091	1,804,960	1,760,000	500,000	185,658	8,283	0	0	0	0	116,246	116,246	0	0	end of 3
63	63	450,204	1,877,203	1,840,000	500,000	191,227	7,561	0	0	0	0	119,501	119,501	0	0	end of 4
64	64	463,710	1,953,318	1,920,000	500,000	196,964	6,848	0	0	0	0	122,847	122,847	0	0	end of 5
65	65	477,621	2,032,206	2,000,000	500,000	202,873	6,144	0	0	0	0	126,287	126,287	0	0	end of 6
66	66	491,950	2,114,668	2,080,000	500,000	208,959	5,448	0	0	0	0	129,823	129,823	0	0	end of 7
67	67	506,798	2,201,490	2,160,000	500,000	215,224	4,752	0	0	0	0	133,456	133,456	0	0	end of 8
68	68	522,165	2,292,815	2,240,000	500,000	221,767	4,056	0	0	0	0	137,187	137,187	0	0	end of 9
69	69	538,056	2,389,099	2,320,000	500,000	228,588	3,360	0	0	0	0	141,017	141,017	0	0	end of 10
70	70	554,487	2,491,402	2,400,000	500,000	235,187	2,664	0	0	0	0	144,947	144,947	0	0	end of 11
71	71	571,464	2,600,037	2,480,000	500,000	242,064	1,968	0	0	0	0	148,977	148,977	0	0	end of 12
72	72	588,993	2,715,440	2,560,000	500,000	249,229	1,272	0	0	0	0	153,107	153,107	0	0	end of 13
73	73	607,080	2,837,268	2,640,000	500,000	256,682	576	0	0	0	0	157,337	157,337	0	0	end of 14
74	74	625,731	2,965,080	2,720,000	500,000	264,423	0	0	0	0	0	161,667	161,667	0	0	end of 15
75	75	644,952	3,100,339	2,800,000	500,000	272,454	0	0	0	0	0	166,197	166,197	0	0	end of 16
76	76	664,751	3,253,600	2,880,000	500,000	281,285	0	0	0	0	0	170,927	170,927	0	0	end of 17
77	77	685,134	3,425,440	2,960,000	500,000	290,916	0	0	0	0	0	175,857	175,857	0	0	end of 18
78	78	706,107	3,617,419	3,040,000	500,000	301,297	0	0	0	0	0	180,987	180,987	0	0	end of 19
79	79	727,678	3,830,180	3,120,000	500,000	312,528	0	0	0	0	0	186,317	186,317	0	0	end of 20
80	80	749,853	4,065,384	3,200,000	500,000	324,509	0	0	0	0	0	191,847	191,847	0	0	end of 21
81	81	772,638	4,323,687	3,280,000	500,000	337,240	0	0	0	0	0	197,577	197,577	0	0	end of 22
82	82	796,039	4,605,744	3,360,000	500,000	350,721	0	0	0	0	0	203,507	203,507	0	0	end of 23
83	83	820,062	4,913,200	3,440,000	500,000	364,952	0	0	0	0	0	209,737	209,737	0	0	end of 24
84	84	844,713	5,247,808	3,520,000	500,000	379,943	0	0	0	0	0	216,267	216,267	0	0	end of 25
85	85	870,000	5,610,288	3,600,000	500,000	395,694	0	0	0	0	0	223,097	223,097	0	0	end of 26
86	86	896,031	6,003,280	3,680,000	500,000	412,215	0	0	0	0	0	230,227	230,227	0	0	end of 27
87	87	922,814	6,428,424	3,760,000	500,000	429,516	0	0	0	0	0	237,657	237,657	0	0	end of 28
88	88	950,357	6,897,456	3,840,000	500,000	447,607	0	0	0	0	0	245,387	245,387	0	0	end of 29
89	89	978,668	7,412,016	3,920,000	500,000	466,498	0	0	0	0	0	253,417	253,417	0	0	end of 30
90	90	1,007,753	7,983,840	4,000,000	500,000	486,199	0	0	0	0	0	261,747	261,747	0	0	end of 31
91	91	1,037,620	8,613,600	4,080,000	500,000	506,700	0	0	0	0	0	270,377	270,377	0	0	end of 32
92	92	1,068,277	9,303,024	4,160,000	500,000	528,001	0	0	0	0	0	279,307	279,307	0	0	end of 33
93	93	1,099,732	10,063,776	4,240,000	500,000	550,102	0	0	0	0	0	288,537	288,537	0	0	end of 34
94	94	1,132,000	10,907,520	4,320,000	500,000	573,003	0	0	0	0	0	298,067	298,067	0	0	end of 35
95	95	1,165,087	11,837,024	4,400,000	500,000	596,704	0	0	0	0	0	307,897	307,897	0	0	end of 36
96	96	1,198,900	12,855,072	4,480,000	500,000	621,205	0	0	0	0	0	318,027	318,027	0	0	end of 37
97	97	1,233,453	13,973,344	4,560,000	500,000	646,506	0	0	0	0	0	328,457	328,457	0	0	end of 38
98	98	1,268,760	15,204,480	4,640,000	500,000	672,607	0	0	0	0	0	339,187	339,187	0	0	end of 39
99	99	1,304,814	16,560,000	4,720,000	500,000	700,008	0	0	0	0	0	350,217	350,217	0	0	end of 40

Step 13: Readjustment Target Income Age 67: SIPS automatically readjusted the targeted income for age 67.

