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

08/07/2025 1:36 pm EDT

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

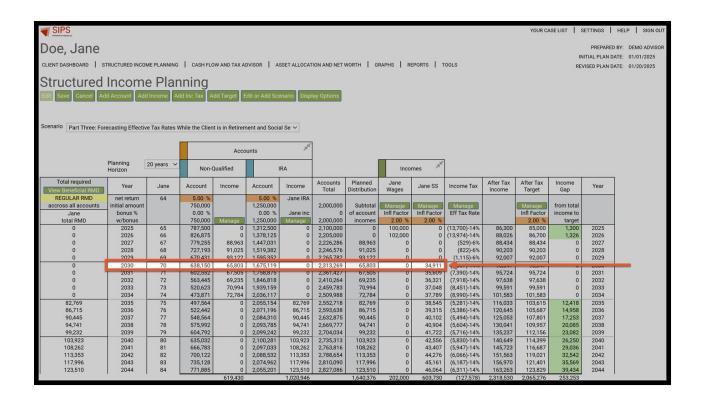
To learn more about the Cash Flow and Tax Advisor individual column features see articles:

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

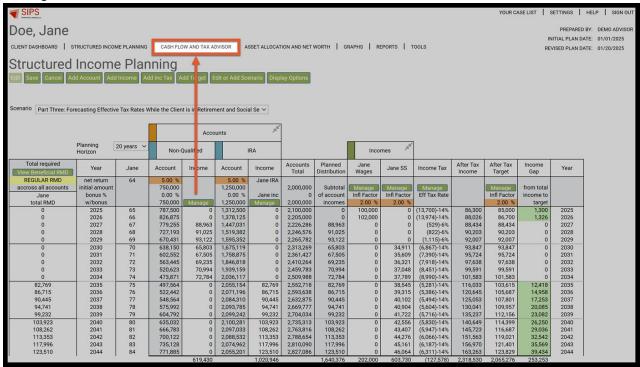
To learn more about forecasting effective tax rates see articles:

- 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

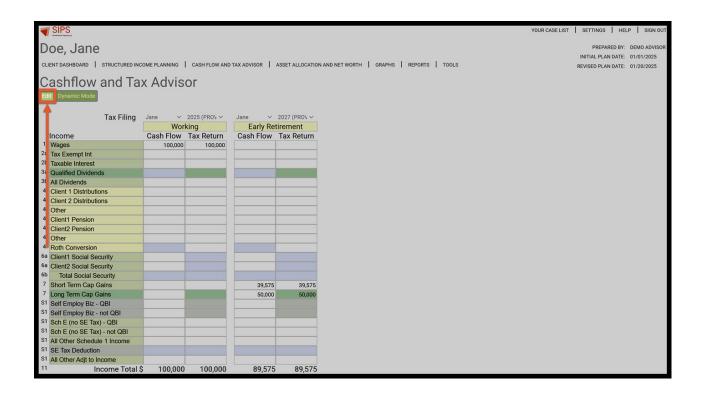
Step 1: First Year Income While in Retirement for Social Security: See what incomes need to be modeled in the cashflow and tax advisor to determine the effective tax-rate for that year.



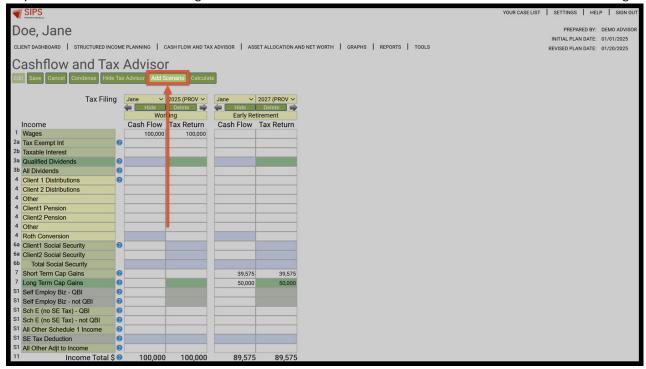
Step 2: Cash Flow and Tax Advisor: Click on the Cash Flow and Tax Advisor button underneath the Client's name heading.



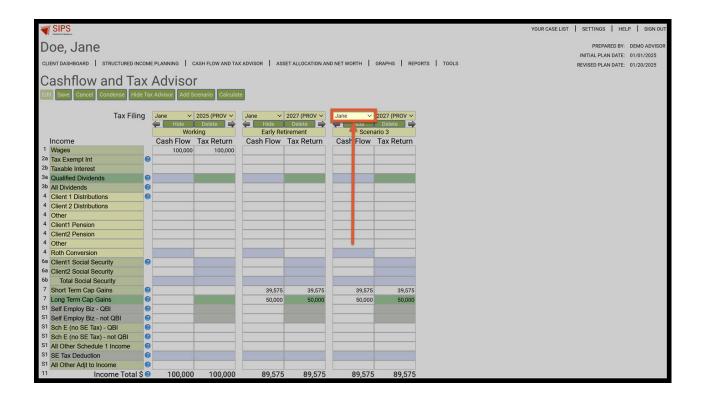
Step 3: Edit: Click on the green Edit button underneath the Cashflow and Tax Advisor heading.



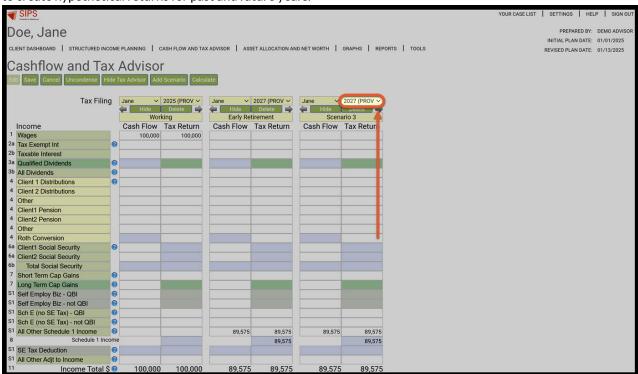
Step 4: Add Scenario: Click on the green add scenario button underneath the Cash Flow and Tax Advisor heading.



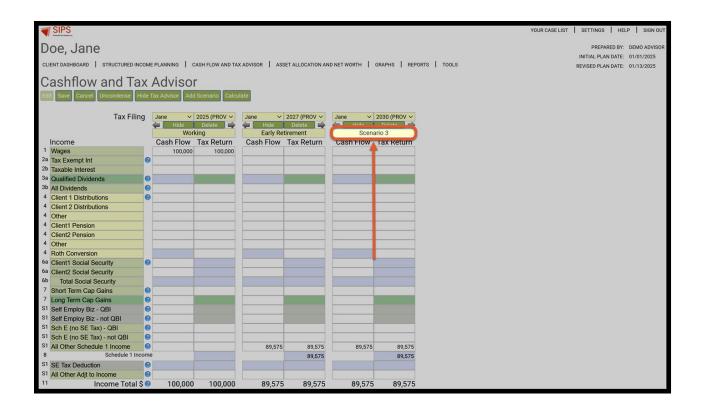
Step 5: Tax Filing Name: Click on the dropdown to select the tax filing (client 1, client 2, or joint).



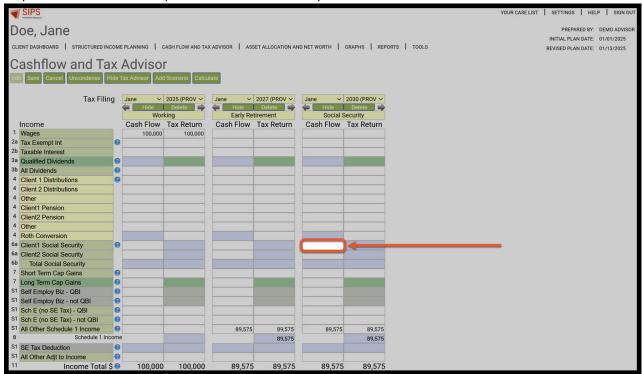
Step 6: Tax Filing Year: Click on the dropdown and select which tax year you would like to use. SIPS has the ability to create hypothetical returns for past and future years.



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

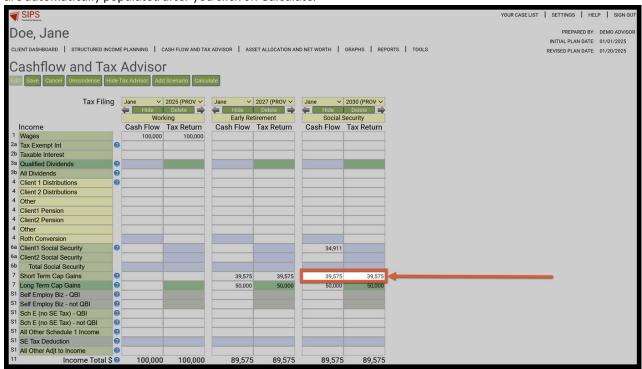


Step 8: Client1 Social Security: Enter in the social security amount in the cash flow column.

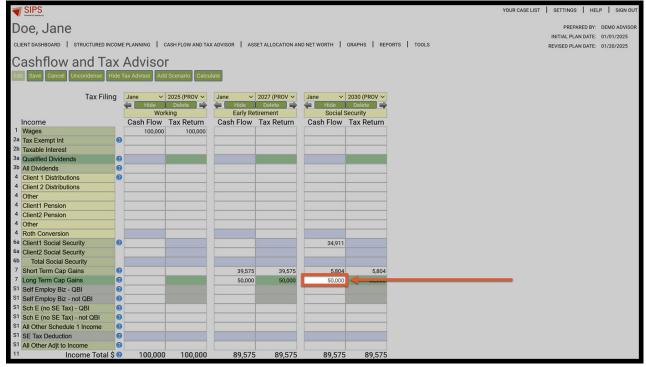


Step 9: Short Term Capital Gains: Delete the previous amount and enter the capital gains associated with the

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.



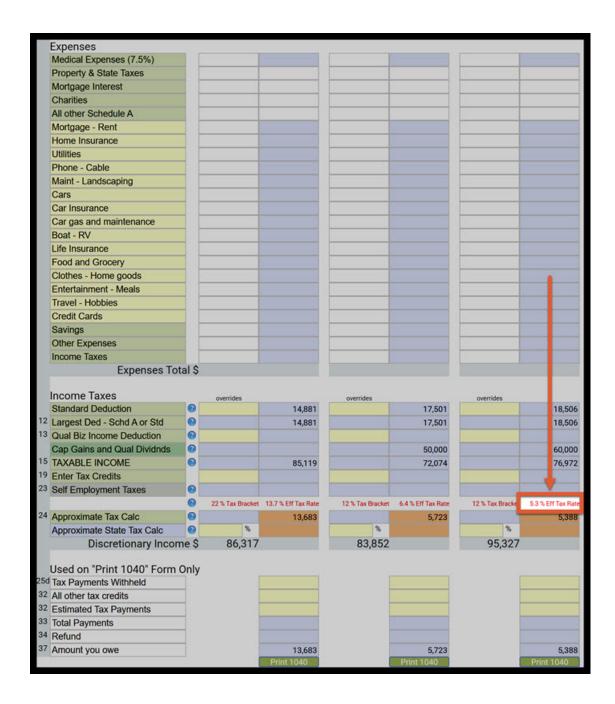
Step 10: Long Term Capital Gains: Delete the previous amount and enter the capital gains associated with the withdrawal from the non-qualified account. For this example, we will assume that \$60,000 is a long-term capital gain associated with this withdrawal. You can enter these values in the Cash Flow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



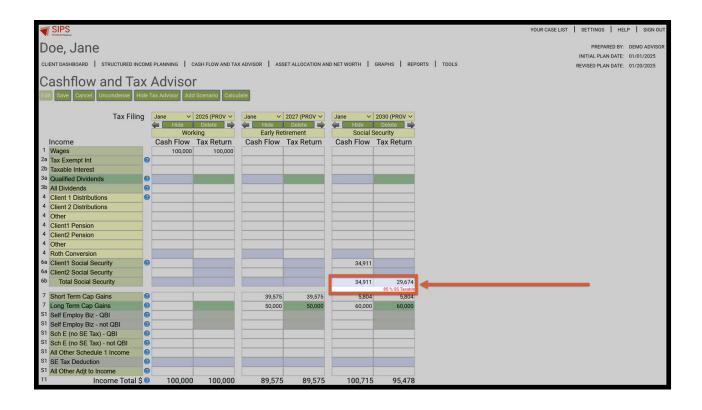
YOUR CASE LIST | SETTINGS | HELP | SIGN OU PREPARED BY: DEMO ADVISO Doe, Jane INITIAL PLAN DATE: 01/01/2025 REVISED PLAN DATE: 01/20/2025 CLIENT DASHBOARD | STRUCTURED INCOME PLANNING | CASH FLOW AND TAX ADVISOR | ASSET ALLOCATION AND NET WORTH | GRAPHS | REPORTS | TOOLS Cashflow and Tax Advisor Tax Filing Jane V 2025 (PROV V Hide Delete D Jane V 2027 (PROV Jane V 2030 (PROV Hide Delete Scarly Retirement Cash Flow Tax Return Cash Flow Tax Return Working Cash Flow Tax Return Income 1 Wages 2a Tax Exempt Int 2b Taxable Interest
3a Qualified Dividends
3b All Dividends 4 Client 1 Distributions 4 Client 2 Distributions 4 Other 4 Client1 Pension 4 Client2 Pension 4 Roth Conversion 34,911 6a Client2 Social Security
6b Total Social Security 7 Short Term Cap Gains
Long Term Cap Gains
SI Self Employ Biz - QBI
SI Self Employ Biz - not QBI 39,575 39,575 5.804 5.804 60,000 S1 Sch E (no SE Tax) - QBI S1 Sch E (no SE Tax) - not QBI S1 All Other Schedule 1 Income All Other Adjt to Income Income Total \$ @ 100,000 100,000 89,575 89,575 89,575 89,575

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

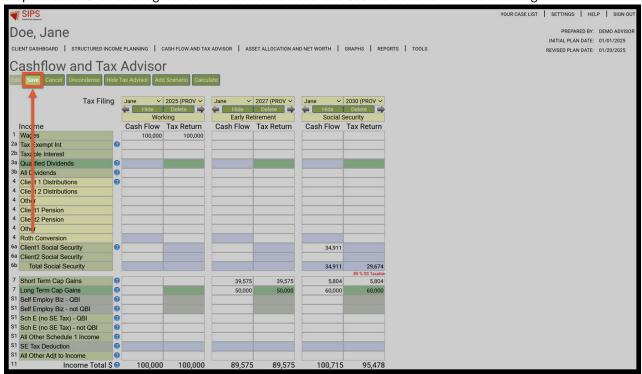
Step 12: Tax Bracket: Scroll down the page and take note of the marginal tax bracket and effective tax-rate "Eff Tax rate."



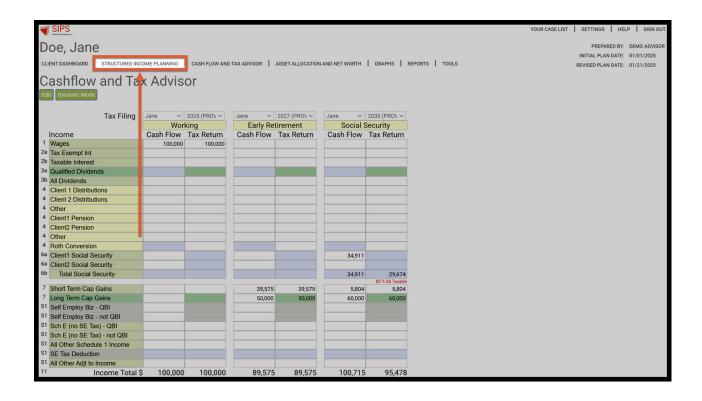
Step 13: Taxable Social Security: After clicking Calculate, SIPS will automatically show the amount and percentage of the social security that is taxable.



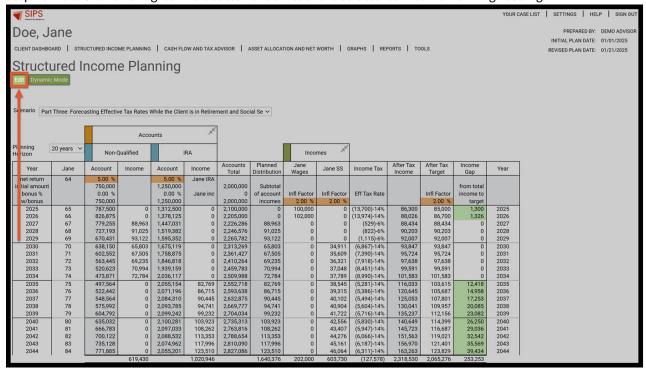
Step 14: Save: Click on the green Save button underneath the Cashflow and Tax Advisor heading.



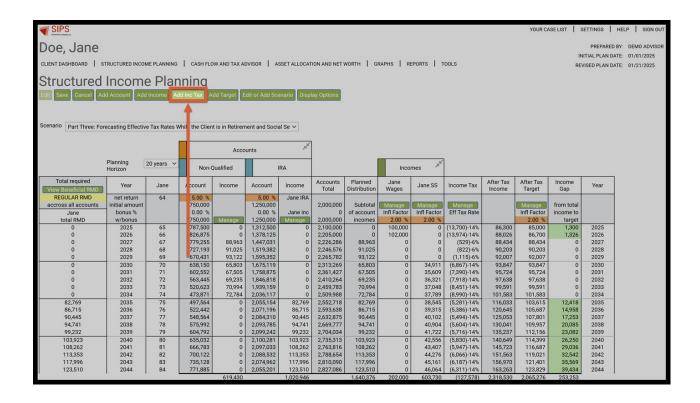
Step 15: Structured Income Planning: Click on the Structured Income Planning button underneath the Client's name heading.



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.



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.



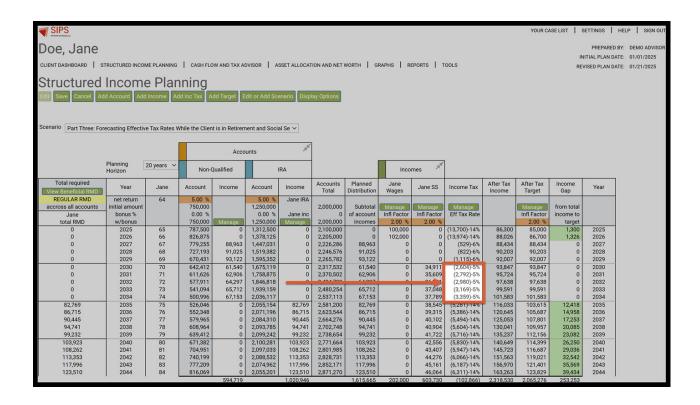
Step 21: Tax Adjustment Table: The new effective tax rate will automatically be entered into the Tax Adjustment Table.



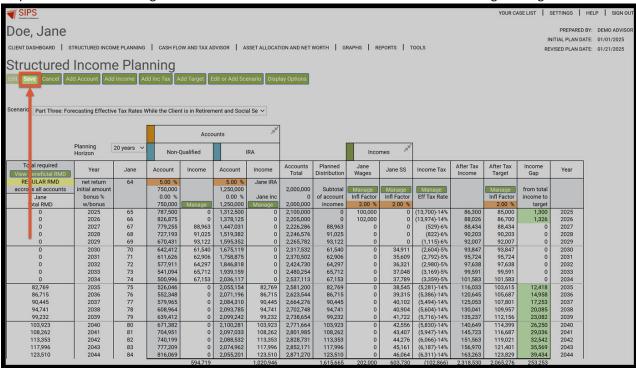
Step 22: Save: Click on the green Save button underneath the Manage Tax heading.



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



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



If you feel you need more support or would like to set up demo time with one of our representatives, please contact us at: +1-888-449-6917 or support@planscout.com.