

12/06/25 SIPS software update

12/06/2025 12:31 pm EST

Summary

On 12/6/2025, SIPS was enhanced to introduce the calculation and display of the Enhanced Senior Deduction (from the One Big Beautiful Bill (OBBB) Act) for the 2025–2028 tax years within SIPS scenarios that have the Advanced Tax Feature enabled.

SIPS Implementation Summary

- Structured Income Plan
 - All plans with the automatic tax calculation enabled are now updated with this new logic for any tax calculations in 2025 and beyond.
- Cashflow and Tax Advisor
 - Scenarios in the Cashflow and Tax Advisor created before this release will not be affected. These scenarios will include a "TCJA" in the tax-year.
 - Scenarios in the Cashflow and Tax Advisor created after this release for 2025 and later will be labeled as OBBB tax scenarios and use the new 2025 Form 1040 structure.
 - The calculated deduction is displayed in a new Row 13b on the Cashflow and Tax Advisor Screen (users with Advanced Tax can override this amount).
 - The "Print 1040" function will use the new 2025 OBBB Form 1040 for these new scenarios.

Detailed Changes:

IRS Rules Summary

- The client must be 65 or older in the applicable tax year
- The deduction amount has an income limit of \$75,000 for single or \$150,000 for joint filers based upon their Modified Adjusted Gross Income (MAGI).
- The deduction amount is reduced or eliminated if MAGI exceeds certain thresholds:

Filing Status	Phase Out Starts at MAGI over	Fully Phased Out at MAGI over
Single	\$75,000	\$175,000
Joint	\$150,000	\$250,000

- The deduction can be claimed whether the filer takes the standard deduction or itemizes their deductions.
- The base amount for the enhanced senior deduction is \$6,000 per qualifying individual:
 - Single: up to \$6,000
 - Joint: Up to \$12,000 total if both spouses qualify (each gets up to \$6,000)

SIPS Implementation

SIPS rules for client eligibility are based upon the IRS guidance and draft 2025 Form 1040 documents (links below), including a new 1040 Schedule 1-A which provides the specific rules for the calculation of the deduction amount. SIPS follows the below steps to calculate the deduction amount (for cases with Advanced Tax enabled):

- Determine Age Eligibility by Tax Year
 - For the year 2025, must be born before January 2, 1961
 - For the year 2026, must be born before January 2, 1962
 - For the year 2027, must be born before January 2, 1963
 - For the year 2028, must be born before January 2, 1964
- Determine Income Eligibility
 - SIPS uses the Income Total field from the Cashflow and Tax Advisor Screen as the Modified Adjusted Gross Income (MAGI).

Tax Filing: Joint, 2025 (PROV)

Scenario 1

	Cash Flow	Tax Return
1 Wages		75,000
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 Other		
4 Roth Conversion		
6a Client1 Social Security		
6a Client2 Social Security		
6b Total Social Security		
7 Short Term Cap Gains		
7 Long Term Cap Gains		
S1 Self Employ Blz - QBI		
S1 Self Employ Blz - not QBI		
S1 Sch E (no SE Tax) - QBI		
S1 Sch E (no SE Tax) - not QBI		
S1 All Other Schedule 1 Income		
S1 SE Tax Deduction		
S1 All Other Adj to Income		
11 Income Total \$		75,000

- Next SIPS determines the “MAGI Threshold:”
 - If the client is single use 75,000
 - if the client is married use 150,000
- Next SIPS subtracts the “MAGI Threshold” from the income total amount
 - If the difference is zero or less
 - Each client who meets the age eligibility for this year will receive the full \$6,000 deduction
 - The amount will apply to one or both clients, depending on their age eligibility.
 - If the difference is greater than zero
 - Multiply the difference by 6%, this result is the “income factor”
 - Subtract the “income factor” from 6,000
 - if the difference is greater than zero, this is the amount of the senior deduction for each client
 - If the difference is less than zero, the client does not meet income eligibility, and 0 will be displayed as the deduction amount
- **Example (Single Client):** The MAGI threshold is \$75,000. If Total Income is \$100,000, the “income factor” is \$25,000. Therefore, the deduction is \$4,500 calculated as the income factor ($\$25,000 \times 6\% = \$1,500$), subtracted from the full deduction amount ($\$6,000 - \$1,500$).
- **Example (Joint Clients both spouses eligible):** The MAGI threshold is \$150,000. If Total Income is \$220,000, the “income factor” is \$70,000. Therefore, the deduction is \$7,800 calculated as the income factor ($\$70,000 \times 6\% = \$4,200$), subtracted from the full deduction amount ($\$12,000 - \$4,200$).
- July IRS Press Release: <https://www.irs.gov/newsroom/irs-releases-tax-inflation-adjustments-for-tax-year-2026-including-amendments-from-the-one-big-beautiful-bill>
- October IRS Press Release: <https://www.irs.gov/newsroom/one-big-beautiful-bill-act-tax-deductions-for-working-americans-and-seniors>

Changes to the Structured Income Planning Screen

All scenarios with the Advanced Tax Feature enabled will have the enhanced senior deduction automatically calculated and displayed in the Approximate Income Tax column for the tax years 2025 – 2028.

Changes to the Cashflow and Tax Advisor Screen

There are three changes to this screen:

- Labeling Tax Code
- New rows added to OBBB tax scenarios to align with 2025 form 1040
- New 2025 Form 1040 and Printing Previously Created Scenarios

Tax Code Labels

- Above the tax scenarios a new label now appears to illustrate which code was used to calculate the tax scenario.

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2018-2024 Tax Code (TCJA)		Current Tax Code - Effective 2025 (OBBB)	
Tax Filing	Client1 2025 (TCJA)	Tax Filing	joint 2025 (PROV)
<div>Hide Delete</div> <div>2025 Taxes</div>		<div>Hide Delete</div> <div>2025 Taxes</div>	

- All scenarios created prior to the enhanced senior deduction enhancement release will not be changed – they will appear under the TCJA heading – and will not have the new deduction included.
- All new tax scenarios created for 2025 and forward will appear under the OBBB heading and will automatically include the enhanced senior deduction calculation.

New rows added to OBBB tax scenarios to align with 2025 form 1040

- New tax scenarios created for 2025 (and all future years) will now use the new 2025 Form 1040
- Tax scenarios now display rows 13a, 13b, and 14 to match the 2025 Form 1040
- Row 13a – no changes to functionality – just new label
- Row 13b – this is where the calculated enhanced senior deduction amount will appear.
 - SIPS will calculate the amount automatically when creating the scenario (if the user has advanced tax enabled)
 - Users can use the overrides column to adjust the amount (and then click the calculate button)
- Row 14 – this is the total of rows 12, 13a, and 13b

New Form 1040 and Printing Previously Created Scenarios

- Clicking the “Print 1040” button under OBBB tax scenarios will stamp the new 2025 Form 1040 (and Schedule 1 if applicable) with relevant data from the tax scenario.
- The new form reflects the senior deduction and has lines 13a, 13b, and 14, which match the Cashflow and Tax Advisor Screen

Form 1040 (2025) Page 2

Tax and Credits		11b	
11b	Amount from line 11a (adjusted gross income)	11b	
12a	Someone can claim <input type="checkbox"/> You as a dependent <input type="checkbox"/> Your spouse as a dependent	12e	33,100
b	<input type="checkbox"/> Spouse itemizes on a separate return <input type="checkbox"/> You were a dual-status alien	13a	6,000
d	You: <input type="checkbox"/> Were born before January 2, 1961 <input type="checkbox"/> Are blind	13b	39,100
Spouse:	<input type="checkbox"/> Was born before January 2, 1961 <input type="checkbox"/> Is blind	14	104,900
e	Standard deduction or itemized deductions (from Schedule A)	15	104,900
13a	Qualified business income deduction from Form 8995 or Form 8995-A	16	
b	Additional deductions from Schedule 1-A, line 38	17	
14	Add lines 12e, 13a, and 13b	18	
15	Subtract line 14 from line 11b. If zero or less, enter -0-. This is your taxable income	19	
16	Tax (see instructions). Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/>	20	
17	Amount from Schedule 2, line 3	21	
18	Add lines 16 and 17	22	
19	Child tax credit or credit for other dependents from Schedule 8812	23	
20	Amount from Schedule 3, line 8	24	12,906
21	Add lines 19 and 20		
22	Subtract line 21 from line 18. If zero or less, enter -0-		
23	Other taxes, including self-employment tax, from Schedule 2, line 21		
24	Add lines 22 and 23. This is your total tax		

- Clicking Print 1040 for previous years or tax scenarios created prior to the enhanced senior deduction release will use the 1040 from the applicable year or the 2025 Form 1040 prior to the passage of the OBBB. This Form 1040 will be labeled as TCJA

4a	IRA distributions	4a		b	Taxable amount	4b	
5a	Pensions and annuities	5a		b	Taxable amount	5b	
6a	Social security benefits	6a		b	Taxable amount	6b	
c				If you elect to use the lump-sum election method, check here (see instructions) <input type="checkbox"/>			
7	Capital gain or (loss). Attach Schedule D if required. If not required, check here	7					
8	Additional income from Schedule 1, line 10	8					
9	Add lines 12, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income	9	150,000				
10	Adjustments to income from Schedule 1, line 26	10					
11	Subtract line 10 from line 9. This is your adjusted gross income	11	150,000				
12	Standard deduction or itemized deductions (from Schedule A)	12	33,100				
13	Qualified business income deduction from Form 8995 or Form 8995-A	13					
14	Add lines 12 and 13	14	33,100				
15	Subtract line 14 from line 11. If zero or less, enter -0-. This is your taxable income	15	116,900				

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11320B Form **1040** (2024)

2025 Tax Cut and Jobs Act

- Examples of 1040 form printing

Tax Year	Tax Code	Form 1040 Version
2021	TCJA (OB BB not possible)	2021
2024	TCJA (OB BB not possible)	2024
2025	TCJA	2025 TCJA
2036	TCJA	2025 TCJA
2025	OB BB	2025 OB BB
2027	OB BB	2025 OB BB

Links to Updated Form 1040 from the IRS

- Draft 2025 1040 form: <https://www.irs.gov/pub/irs-dft/f1040--dft.pdf>
- Draft 2025 1040 Schedule 1-A form: <https://www.irs.gov/pub/irs-dft/f1040s1a--dft.pdf>
- SIPS will be updated in early 2025 with the final Form 1040 versions once published by the IRS