11/11/26 SIPS software update

11/10/2026 6:15 pm EST

Summary

Before this release, advisors entered an approximate state tax rate by hand on each scenario's Manage Tax screen, and SIPS did not account for the Medicare surcharges that higher-income clients pay. Both gaps matter most for the clients who use Advanced Tax Planning, where Roth conversions, required minimum distributions and other income decisions can push a household into a higher state tax bill or a higher Medicare premium tier.

This release adds a State of Residence field that sets the state tax rate for the whole case in one step, and an IRMAA option that calculates each client's Medicare Part B and Part D surcharges year by year. Both features are available only to customers with Advanced Tax Planning turned on.

SIPS Implementation Summary

- New State of Residence field on the Client Information screen. The selected state's rate fills the Approx. State Tax % column on the Manage Tax screen for every scenario in the case.
- While a State of Residence is selected, the Approx. State Tax % column is locked on the Manage Tax screen. Change the rate by changing the state.
- New Include IRMAA Expenses checkbox on the Manage Tax screen for Advanced Tax scenarios. When checked, SIPS adds an IRMAA column for each client to the Structured Income Plan.
- New View IRMAA Tiers display option shows which IRMAA tier each year's amount comes from.
- New Model IRMAA Expenses setting for PlanScout automation, on the Case Incomes screen and as a default on the Preferences screen.
- IRMAA columns appear on the Income Plan PDF report.
- There will be no impact to existing cases. Existing cases have no State of Residence and IRMAA turned off on every scenario.

Detailed Changes

Who Can Use These Features

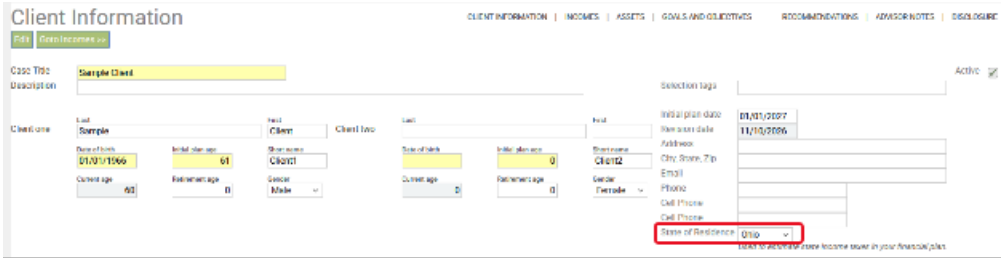
You must be a SIPS Advanced subscriber to access these features.

State of Residence and State Income Tax

How to Set a Client's State of Residence

1. Open the case and go to the **Client Information** screen.

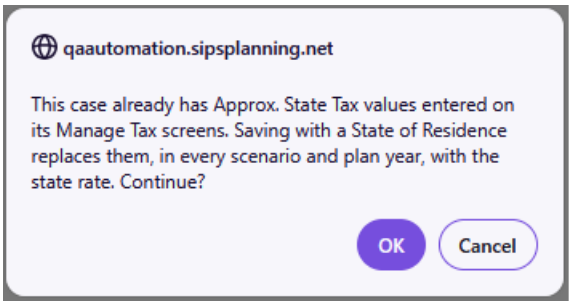
2. Find the **State of Residence** field, located below the cell phone field.
3. Select the client's state from the dropdown list.
4. Click **Save**.



When you save, SIPS writes the state's rate into the Approx. State Tax % column of the Manage Tax screen for every plan year of every scenario in the case. This includes scenarios you have already built and any scenarios you create later.

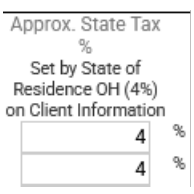
If the Case Already Has State Tax Values

If you or another user already typed Approx. State Tax % values on any Manage Tax screen in the case, SIPS asks you to confirm before you save a State of Residence for the first time. Click **OK** to replace those values with the state rate in every scenario and plan year, or click **Cancel** to keep the existing values and leave State of Residence blank.



What You See on the Manage Tax Screen

While a State of Residence is set, the Approx. State Tax % column is locked. The cells are read-only, and the Roll Down button is replaced by a note showing the state and rate, for example: "Set by State of Residence OH (4%) on Client Information."



How to Change or Remove the State

- To use a different state, select the new state on the Client Information screen and click Save. SIPS replaces the rate in every scenario.
- To go back to entering rates by hand, clear the State of Residence field and click Save. SIPS blanks the Approx. State Tax % column in every scenario and unlocks it. Any rates you want after that must be entered again on each Manage Tax screen.

How the State Rate Is Calculated

Each state has one flat rate, expressed as a whole percent of federal taxable income. States with no income tax use 0%. This is an estimate for planning purposes. It does not model state-specific brackets, deductions, credits, or exclusions, such as states that exempt some or all retirement income or Social Security benefits. If a client's state treats their income differently from federal rules, clear the State of Residence and enter a rate on the Manage Tax screen that better fits the client.

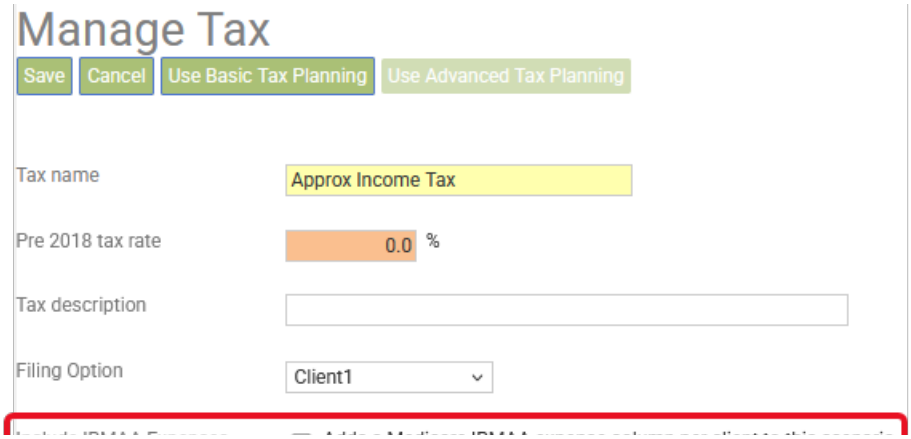
Example: The client lives in Ohio, which has a rate of 4% in the SIPS state rate table. After you select Kansas and save, every plan year of every scenario shows 4 in the Approx. State Tax % column, and SIPS applies 4% of federal taxable income as state tax in each year.

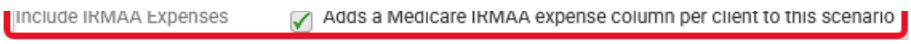
Medicare IRMAA Expenses

IRMAA is the extra amount Medicare charges on Part B and Part D premiums when a beneficiary's income is above set thresholds. Medicare bases each year's IRMAA on the household's modified adjusted gross income (MAGI) from two years earlier.

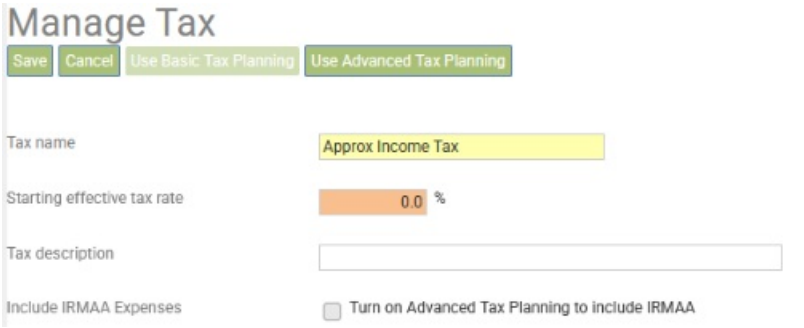
How to Include IRMAA in a Scenario

1. Open the scenario and go to the **Manage Tax** screen.
2. Confirm the scenario uses **Advanced Tax**. IRMAA needs the MAGI that only the Advanced Tax calculation produces.
3. Check **Include IRMAA Expenses**.
4. Click **Save**.





On a Basic Tax scenario, the Include IRMAA Expenses box is shown but disabled, with the message “Turn on Advanced Tax Planning to include IRMAA.” Switch the scenario to Advanced Tax to use it.



When you copy a scenario, the copy keeps its Include IRMAA Expenses setting.

What You See on the Structured Income Plan

SIPS adds one IRMAA column for each client, titled with the client’s short name (for example, “John IRMAA” and “Mary IRMAA”). The second column appears only when the case has a second client. Amounts show as negative numbers because they are expenses.

The IRMAA columns work like the After Tax Income column: they have no Manage button, no inflation factor and cannot be grouped. SIPS calculates them each time the plan runs, so they always reflect the current scenario.

SIPS treats IRMAA as an expense in the year it applies. It reduces that year’s after-tax income, and the plan must fund it along with the client’s target income.

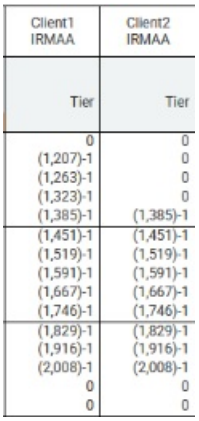
Client1 IRMAA	Client2 IRMAA	Approx Income Tax
0	0	(51,551)
(1,207)	0	(57,580)
(1,263)	0	(59,250)
(1,323)	0	(60,968)
(1,385)	(1,385)	(62,252)
(1,451)	(1,451)	(64,061)
(1,519)	(1,519)	(65,923)
(1,591)	(1,591)	(67,836)
(1,667)	(1,667)	(69,803)
(1,746)	(1,746)	(71,825)
(1,829)	(1,829)	(73,904)
(1,916)	(1,916)	(76,041)
(2,008)	(2,008)	(78,236)
0	0	(80,494)
0	0	(82,814)
0	0	(85,199)
0	0	(87,650)
0	0	(90,169)
0	0	(92,759)
0	0	(95,420)
0	0	(98,156)
0	0	(100,967)
0	0	(103,856)
0	0	(106,826)
0	0	(109,877)
0	0	(113,014)
0	0	(116,236)
0	0	(119,548)
(18,905)	(15,112)	(2,342,215)

The IRMAA columns also appear on the Income Plan PDF report.

How to See Which IRMAA Tier Applies

1. On the Structured Income Plan, open **Display Options**.
2. Click **View IRMAA Tiers**.
3. Each IRMAA amount now shows with its tier, in the form "(amount)-tier." For example, (2,884.80)-2 means the amount comes from tier 2.
4. Click **Hide IRMAA Tiers** to return to amounts only.

SIPS remembers this setting for the case. The View IRMAA Tiers button appears only when the scenario shows IRMAA columns.



Client1 IRMAA	Client2 IRMAA
Tier	Tier
0	0
(1,207)-1	0
(1,263)-1	0
(1,323)-1	0
(1,385)-1	(1,385)-1
(1,451)-1	(1,451)-1
(1,519)-1	(1,519)-1
(1,591)-1	(1,591)-1
(1,667)-1	(1,667)-1
(1,746)-1	(1,746)-1
(1,829)-1	(1,829)-1
(1,916)-1	(1,916)-1
(2,008)-1	(2,008)-1
0	0
0	0

How IRMAA Is Calculated

- **Income used:** SIPS uses the household MAGI from two plan years earlier, matching Medicare's two-year lookback. Plan years 1 and 2 both use the MAGI from plan year 1, because the plan has no earlier years.
- **Filing status:** SIPS uses the joint thresholds when the Tax owner on the Manage Tax screen is joint. If the Tax owner is blank, SIPS uses joint thresholds when the case has two clients and single thresholds when it has one.
- **Tiers:** Medicare has five IRMAA tiers above the standard premium. A tier applies when MAGI is above that tier's threshold. MAGI at or below the first threshold has no IRMAA.
- **Amount:** IRMAA is calculated per person. Each month's amount is the tier's Part B surcharge plus its Part D surcharge. The IRMAA column does not include the standard Part B premium or the client's Part D plan premium.
- **Medicare eligibility:** IRMAA starts in the month the client turns 65. In that year, SIPS counts the months from the birthday month through December. In every later year, SIPS counts all 12 months.
- **Future years:** SIPS uses the official IRMAA thresholds and surcharges for each year Medicare has published. For later years, SIPS projects them forward using annual growth rates that PlanScout maintains.

IRMAA Examples

The examples below use the 2026 Medicare figures. Plan years after 2026 use that year's published or projected figures.

Example 1 (both clients on Medicare all year): A married couple files jointly. Their household MAGI from two plan years earlier is $300,000, which is above the $274,000 tier 2 threshold and not above the $342,000 tier 3 threshold. Each client's monthly IRMAA is $202.90 (Part B) plus $37.50 (Part D), or $240.40. For 12 months, each client's IRMAA column shows (2,884.80), for a household total of $5,769.60.

Example 2 (client turns 65 during the year): Using the same household as Example 1, one client turns 65 in September. That client is charged for September through December, which is 4 months: 4 × $240.40 = $961.60. Starting the next year, that client is charged for all 12 months.

Example 3 (income at the threshold): The household MAGI from two years earlier is exactly $218,000. That amount is not above the first joint threshold, so both IRMAA columns show $0 for that year.