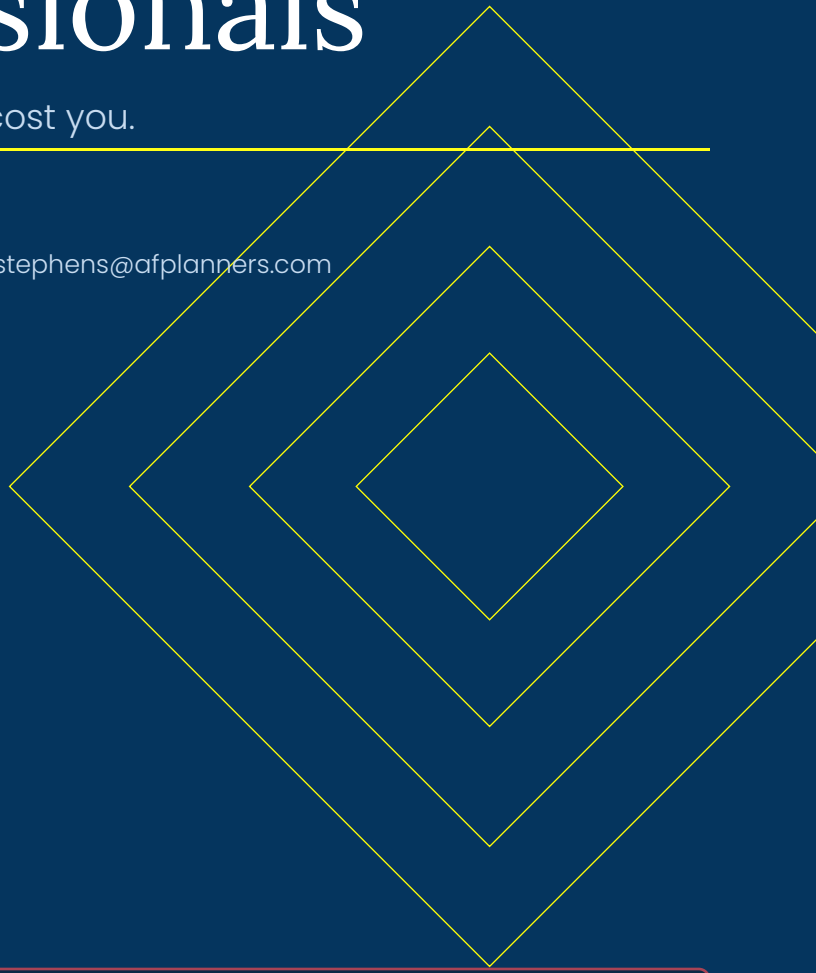


5 Financial Blind Spots of Wine & Spirits Sales Professionals

And what to do about them before they cost you.

Joseph E. Stephens II, CFP®

Associated Financial Planners · (732) 292-3100 · josephstephens@afplanners.com

A decorative graphic consisting of several concentric diamonds (squares rotated 45 degrees) in a light yellow color, positioned on the right side of the page.

"The wine and spirits industry pays well. It can also quietly wreck your long-term financial picture — not through any single disaster, but through a slow accumulation of blind spots that nobody flags."

A NOTE FROM THE AUTHOR

I grew up working in my family's wine and spirits retail shops.

I went on to become the **Gallo Luxury Manager for New Jersey**, working directly with distributors, on-premise accounts, and supplier teams across the state. Then I became a CFP.

This guide exists because I kept meeting brilliant sales professionals in this industry who had no one looking out for their financial lives — people with strong incomes, real complexity, and almost no guidance built for how they actually get paid. That's what this is for.

The wine and spirits industry pays well. It can also quietly wreck your long-term financial picture — not through any single disaster, but through a slow accumulation of blind spots that nobody flags because **most financial advisors have never worked a depletion plan or watched a brand get acquired mid-year.**

These are the five I see most often. If even one of them applies to you, it's worth a conversation.

WHAT'S INSIDE THIS GUIDE

Blind Spot #1 — Treating Your Bonus Like a Salary

Blind Spot #2 — Underestimating the Tax Complexity of Your Comp Package

Blind Spot #3 — Not Having a Plan for the Acquisition

Blind Spot #4 — The Deferred Compensation Decision Made on Autopilot

Blind Spot #5 — No Exit Plan From the Industry

#1

Treating Your Bonus Like a Salary

"I'll figure out the finances once I know what I'm getting this year."

Sales bonuses in the wine and spirits industry are **real money**. For many regional managers and luxury portfolio reps, the bonus can equal or exceed base salary in a strong year. And yet the most common thing I see is that this money — sometimes \$30,000, \$60,000, even six figures — hits the checking account in Q4 and is largely gone by spring.

This is not a discipline problem. **It's a structure problem.** When income is lumpy, you need a financial system built around that lumpiness, not the same savings plan designed for someone with a flat paycheck.

What You Should Be Doing Instead

Build your annual plan around your **base salary only**. Live on it. Save a percentage of it.

Treat every bonus as a '**windfall allocation event**' with a predetermined split — for example: 40% to investments, 20% to taxes/reserve, 20% to debt or goals, 20% discretionary.

If you have an anticipated incentive trip or case program that pays out mid-year, plan for it in advance — don't let it get absorbed. Work with a CFP who understands variable comp.

"When income is lumpy, you need a financial system built around that lumpiness — not the same savings plan designed for a flat paycheck."

YOUR ACTION STEPS

- Write down your base salary. Build your monthly budget from that number only.
- Decide your bonus split % now — before the check arrives.
- Review your 401(k) contribution rate and increase it before Q4 bonuses hit.

#2

Underestimating the Tax Complexity of Your Comp Package

"My company sends me a W-2. How complicated can it be?"

More complicated than you think. A typical mid-to-senior level wine and spirits professional may have:

- A base salary W-2
- A bonus paid in a lump sum — sometimes in a different tax year than when earned
- A car allowance — which is **taxable income** most people never account for
- Expense reimbursements that may or may not be structured as an accountable plan
- Incentive travel (yes, the Napa trip may be imputed income)
- Deferred compensation with its own distribution and tax timing rules

Most tax preparers who don't know this industry will file your return correctly but won't proactively plan around how you're compensated. **That's where money gets left on the table.**

The Car Allowance Trap

If your employer pays a flat car allowance (\$700–\$1,000/month is typical), that amount is likely **fully taxable income** on your W-2. Many reps also never track business mileage. The **2026 IRS rate is \$0.725/mile**. On 15,000 business miles, that's **\$10,875 in potential deductions**. Are you claiming it? Most reps I meet are not.

"Most tax preparers will file your return correctly — but they won't proactively plan around the structure of how you're actually compensated."

YOUR ACTION STEPS

- Start tracking business mileage today — use MileIQ, Everlance, or a simple spreadsheet.
- Pull last year's W-2 and look for car allowance and imputed income entries.
- Ask your tax preparer: "Are you familiar with wine and spirits comp structures?"

#3

Not Having a Plan for the Acquisition

"We've been independent for 30 years. We're not going anywhere."

The wine and spirits industry consolidates. It always has. Constellation, RNDG, Southern Glazer's, Breakthru — the landscape shifts, brands get sold, distributors merge, and supplier portfolios reorganize. You probably know this from the trade side. **What most sales professionals don't think through is what it means for them personally.**

In an acquisition or restructuring, several things can happen simultaneously:

- Unvested deferred compensation may be forfeited or modified
- Your 401(k) may be frozen, rolled over, or merged into a different plan
- Benefits change — sometimes with just 60–90 days notice
- Territory, title, or commission structure may change materially
- Severance offers come with **21-day windows** — and most people sign without understanding what they're giving up

What This Means For You

None of this means you should be paranoid. It means you should have a financial plan that accounts for disruption — **so that if it happens, you're making decisions from strength, not scrambling.** That means a cash reserve, a clear picture of your vesting schedule, and someone who can review a severance offer before you sign.

"The question isn't whether the industry will consolidate again. It will. The question is whether your personal financial plan accounts for that reality."

YOUR ACTION STEPS

- Know your vesting schedule for all deferred compensation and equity.
- Build 6 months of living expenses in cash savings — separate from your investment accounts.
- Never sign a severance agreement without having someone review it first.

#4

The Deferred Compensation Decision Made on Autopilot

"HR said I could defer up to 50% of my bonus. I said sure."

Non-qualified deferred compensation (NQDC) plans are common in larger wine and spirits companies. They let you defer income to a future date, reducing taxable income today. Sounds great. And it can be — **or it can be a serious mistake**, depending on your situation.

What Most People Don't Know

Unlike a 401(k), deferred comp is an **unsecured promise from your employer**. If the company goes bankrupt, you are a general creditor. Your balance is at risk.

Distribution elections are made in advance and are very difficult to change. If you pick a lump-sum payout and the distribution lands in a high-income year, you'll pay **top marginal rates on the entire amount**.

Violations of **Section 409A** trigger immediate taxation plus a **20% penalty**. Many reps defer without modeling what their tax situation will look like at distribution — and end up worse off than if they'd simply paid taxes when they earned it.

This decision deserves real analysis — not a checkbox on an enrollment form.

"Deferred comp is not inherently good or bad. For some people in some situations, it's a powerful tool. The point is it deserves a real decision — not a default."

YOUR ACTION STEPS

- Pull your current NQDC enrollment elections and review your distribution schedule.
- Model what your income will look like in the year(s) your distributions hit.
- Verify your employer's financial stability before deferring large sums.

#5 No Exit Plan From the Industry

"I'll figure out what's next when I'm ready."

A lot of wine and spirits sales professionals have a version of "the dream" — opening a wine bar, importing a small producer, buying a stake in a retail shop, doing something in the trade on their own terms. And a lot of them reach their mid-50s having **never built toward it financially**, because there was always another quota, another good year, another reason to wait.

The financial planning question is not "when do you want to leave?" It's: **what would it take for you to have the option?**

Questions You Should Be Able to Answer Right Now

- What is your current net worth, excluding your home?
- If your income stopped tomorrow, how many months of expenses could you cover?
- Do you have a projection of what your portfolio needs to be at age 60?
- If you wanted to start something in 5 years, do you have a capitalization plan?
- Have you stress-tested your plan against being restructured out at 52?

"The financial planning question is not "when do you want to leave?" It's: what would it take for you to have the option?"

YOUR ACTION STEPS

- Calculate your current net worth — assets minus liabilities, home excluded.
- Set a specific portfolio target for age 60 and work backward to an annual savings rate.
- Put a number on "the dream." What would it actually cost to start that next chapter?

WHAT TO DO NEXT

If one or more of these blind spots resonated, you're not alone — and none of them are permanent problems. They're **planning problems**, which means they're fixable with the right structure and the right conversation.

No pitch, no agenda.

I'll ask a few questions about your comp structure and tell you the two or three things I'd look at first.

Built for the trade.

I've worked in wine and spirits retail and at the supplier level. I know how your income works.

Free. 30 minutes.

No obligation. If it's useful, great. If not, you've gained a clearer picture of where you stand.

READY WHEN YOU ARE

Book a free 30-minute intro call.

No pitch. Just a conversation about where you are and what's worth looking at first.

Book a Chat with Joe

Joseph E. Stephens II, CFP® · (732) 292-3100 · josephstephens@afplanners.com · afplanners.com

IMPORTANT DISCLOSURES

Educational Purposes Only

This guide is for educational purposes only and does not constitute personalized financial, tax, or legal advice. The information presented is general in nature and may not apply to your individual circumstances. Please consult a qualified professional before making any financial decisions.

Securities Disclosure

Securities offered through Registered Representatives of Cambridge Investment Research, Inc., a Broker/Dealer, Member FINRA/SIPC. Advisory services offered through Cambridge Investment Research Advisors, Inc., a Registered Investment Advisor. Associated Financial Planners, LLC and Cambridge are separate entities.

Content & Data Disclosure

Content created with editorial assistance. Tax figures referenced reflect 2026 IRS guidance including a standard mileage rate of \$0.725/mile for business use. Tax laws are subject to change. Verify current rates and rules with a qualified tax professional before acting.
