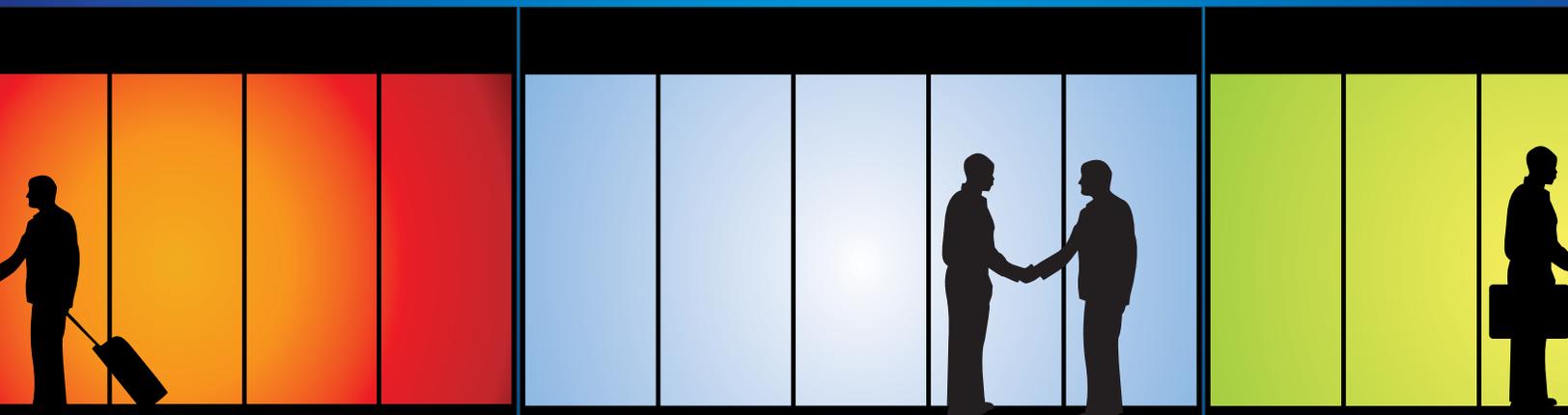


Giving Up The 9 to 5



Making Your Own Rules as a Full-Time Day Trader



by Leroy Rushing

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Making Your Own Rules as a
Full-Time Day Trader

Key Points:

- Day trading certainly sounds appealing, but you must be fully prepared to make the jump
- Starting a career in day trading should be approached like any other small business
- If handled the right way, day trading is a step towards saying goodbye to your 9-to-5 job!

GIVING UP THE 9 TO 5 TO DAY TRADE

No doubt there is something glamorous and enticing about having your own business and being your own boss. These concepts alone are enough for millions of people every year to "Give Up the 9 to 5" - whether it's a part-time or full-time job - and pursue being entrepreneurs, and some even become full-time day traders.

As appealing as it sounds, there are underlying concerns that must be addressed and definitive steps to consider before pursuing such an alluring path. In the following pages of this e-Book, we will discuss these concerns and layout some specific steps showing how you can become a full-time day trader and simultaneously transform your trading into a successful small business venture. We will also discuss the all important concept of viewing your full-time trading as a small business in order to improve the odds of your success.

Getting "Sold" A Bill of Goods

If you are like millions of other people throughout the world, you are looking for a way to improve your finances and make your life better. Many of you want out of your job and into your own business where you are your own boss and you decide what to do and when to do it. This scenario is a reality for a small fraction of those who desire it. For the others, it is a dream "waiting to happen". Instead of putting in the time and effort to make that dream



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Key Points:

- Day trading is not a “get rich quick” scheme
- As with any career change, you should fully understand the pros and cons of switching from your current position to day trading

a reality, they are watching late night TV infomercials; they are persuaded by "get rich quick" day trading commercials; and at 2:00 a.m., they are easily persuaded.

Others are searching internet websites and blogs for "how to get rich by day trading and trading the stock market". Again, they are duped and fall short of making their dream a reality. They continue to fantasize about working from the comfort of their own home, spending more time with their families, and only working a short amount of time each day because they are making so much money in their trades.

Eventually, these people create a delusion between their respective dreams and realities and somehow convince themselves - purely emotionally - that now is the time to go for it! Without thoroughly and rationally thinking things through, they are on their way to pursuing their dream of day trading full time. Unfortunately, they also have no idea what they are getting themselves into and what it truly means to be a day trader.

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Key Points:

- Most day traders fail. The 10% to 20% who succeed spent time, effort, energy, and money to build their trading businesses
- Switching careers is a major life decision; make sure you are prepared for the consequences

5 MAJOR POINTS OF CONCERN ALL NEW TRADERS SHOULD HEED

If you, or anyone you know, are seriously considering leaving your current job to pursue trading on a full-time basis, there are at least 5 major points of concern to be aware of before doing so.

Concern #1: 80%-90% of Day Traders Fail!

This high failure rate is due primarily to a person's lack of trading education and research. It is going to take a lot of time, effort, energy, and money (yes, MONEY!) to build your trading business. There are no short cuts to becoming a great trader, and trading is not a get rich quick scheme. If you don't have the desire, the time, the discipline, or the capital to build your trading business properly, your odds for success will be minimized.

Concern #2: Unforeseen Tradeoffs

It is important to consider the pros and cons of any major life decision. The following questions should be asked and answered honestly by any person considering the option of leaving a part- or full-time job to pursue trading on a full-time basis.

- Am I financially prepared to cut off my major source of income?
- Do I have sufficient capital set aside to sustain my current lifestyle AND fund my trading?
- What am I going to do about insurance for myself and my family?
- Am I focused and disciplined enough to separate my home/personal life from



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Key Points:

- **One of the biggest reasons beginner traders fail is because they do not take the time to learn the tools of the trade**
- **Those with addictive personalities are more susceptible to falling prey to their own emotions**
- **Day traders are business owners: self-motivators who can structure their own work day**

my work life?

- Will I miss the social aspect of going to work and seeing other people?
- Am I easily addicted? Do I have a predisposition towards a gambling problem?
- What are my reasons for wanting to trade full-time?
- Do I have the necessary education and knowledge to be a full-time trader?

Concern #3: Insufficient Trading Education and Experience

Simply put, day traders often fail because they know absolutely nothing about what they are getting into. Not only do they lack investing or trading experience, they are clueless as to how the stock market even works. It's amazing how many "traders" throw caution to the wind when it comes to trading.

Do you understand and know the meanings of a bid and an ask; the definition of a tape and a tick; the differences between a market order, a stop order, and a limit order; and the significance of a market maker and a gap open? These are just a few of the basic terms and concepts that you should know about trading. It is important that you educate yourself before you open a brokerage account and begin "investing" money in trading.

Concern #4: Having an Addictive Personality

Trading is a very volatile activity. It more often than not results in extreme emotional highs and lows, especially for the beginner, which can reveal addictive behaviors in individuals who never displayed them before they started trading. Trading can be viewed by some as akin to gambling - always going for the "high", the big win, at all costs. If you have a propensity to addictive behaviors, think long and hard about whether or not you want to put yourself at risk of losing everything, never mind failing at day trading.

Concern #5: Inability to be a Business Owner

Some people have the inability to work for themselves. They actually need someone to tell them what to do and to help them make decisions because without direction, they ultimately do

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nothing. These people often have motivational issues or are just plain lazy and are trying to make as much money as they can without actually knowing what they are doing. Traders of this ilk are likely to defer to the "advice" of trading personalities and never really "own" their trading activities. Ask yourself whether or not you are sufficiently self-motivated to run your trading activities like your own business. If you aren't, your trading success will be minimal, at best.

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Key Points:

- Day trading is a skill that requires hard work to master
- Don't expect to become an "overnight success"
- The best day traders have both passion and patience, building incrementally to increase their chances of long-term success

CAN YOU BECOME A SUCCESSFUL, FULL-TIME DAY TRADER?

That depends, primarily on you and only you. Many people become enamored and awestruck with the idea of making lots of money with little or no effort. If such was the case with day trading, wouldn't everyone be doing it?

In order to become great, or even good, at any field, craft, or skill, you have to do more than just go through the motions. You have to commit, work hard, be prepared for the hard lessons, and have the confidence to know you can do it. You will need the education, the support, and the feedback to understand what you are doing right and what you are doing wrong.

With very few exceptions, overnight successes are virtually nonexistent - especially in day trading. It may seem like it, but what the successful traders aren't telling you is that they worked long and hard to learn the business; considered the risks and prepared properly before embarking on the venture full-time; invested an exorbitant amount of time, energy, effort, and money in the business; and perhaps even lost money before making any.

At the end of the day, most - if not all - successful traders have a passion, a kind of love, for trading. They have the patience to know that it is okay to start small, that they will do anything to improve their trading incrementally, and eventually, that they will work their way into their dream job of trading full time. If this describes you, you have a good chance of becoming a successful, full-time day trader!



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Key Points:

- Before you day trade, make sure you know what you are giving up by evaluating your current job situation
- Do you have passion for your current job that you cannot live without?
- Will you be sacrificing future growth opportunities to day trade full time?

5 FACTORS TO EVALUATE YOUR CURRENT JOB SITUATION

Now that you have some basic, high-level information regarding full-time day trading to think about and ponder, it is now time to evaluate your current job situation. An honest evaluation is critical to determining whether or not you see and understand the risks involved with leaving your job and pursuing full-time trading. The goal is to make a logical, rational decision, not an emotional one.

One of the best ways to evaluate a job is through a standard formula which may be used for both your "real" job and day trading. Remember, you must be brutally honest with yourself as the consequences can be dire.

The formula contains 5 factors, with each factor assigned a percentage for a combined total of 100%. This equation is designed to force you to determine not only what is important to you but how important it is to you. The formula applies to all job types and includes the following factors:

Factor #1: Passion and Challenge of the Job

What variety, interest, tasks and responsibilities do you currently have in your job? Do you have any passions in your current position? Rate how important it is for you to have a challenging career and/or a passion for what you do.

Factor #2: Growth Opportunities

Where are you in your current position? Do people aspire to be where you are? How much



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Key Points:

- Is job security important to you?
- Do you have enough saved to continue your current lifestyle in the lean months and years as you start day trading?
- Are you prepared to lose all the *good* aspects of 9 to 5 like socialization and getting outside of the house?

higher can you go in your current career and what are your career aspirations? Are you willing to give up your success to spend your days at home watching the stock market and staring at a computer day in and day out?

Factor #3: Job Security

If you have been in the same position for several years, then chances are that you have a considerable amount of job security. In day trading, the risk is not that you will be fired but that you will quit.

Factor #4: Compensation and Benefits

Initially, compensation and benefits are going to be lacking in day trading. For many people, this is one of the most important aspects of their current career. Will you and your family be able to continue your current lifestyle without a steady income? Will you be comfortable without insurance? If not, can you afford to purchase your own?

Factor #5: Work Environment

Work environment is another important aspect, but many people don't realize it until they begin working at home. When you work at home, it doesn't matter what job it is, you are separated from a social network. You may find that you don't have a lot of social interaction with people and you can easily allow your work life to overflow into your personal life. These two areas can be very difficult to separate, and you'll have to constantly ask yourself whether or not you are going to choose "producing income" over "household activities" during your designated "working hours".

All said, there are many things to consider before determining whether or not giving up the 9 to 5 is right for you. It is extremely important to think thoroughly through all the concerns and factors covered in this segment and to be completely honest with yourself and with your family. Look at trading from every aspect and angle and make a logical and smart decision on whether or not it is right for you. If it is, then you need to look at day trading from a business point of view.

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Key Points:

- If you fail to plan, you plan to fail
- Clearly define your trading mission, goals, and strategies on paper
- A business plan and a trading plan are two different things - but both are vital to your success

DAY TRADING FROM A BUSINESS POINT OF VIEW

Trading is a business as well as a way of life and it should be looked at as such. While alarming, the fact that 80-90% of all traders fail can be rectified by taking the proper steps toward success. First and foremost, you must look at day trading as a business. What does that mean and how do you do that?

Build Day Trading into a Bona Fide Business

The first step is to develop a business plan. The old adage "If You Fail to Plan, You Plan to Fail" applies to all of us. Have you ever gotten behind the wheel of a car not knowing how to get where you want to go? Of course not! You always know the directions to your destination when you get behind the wheel of a car, and if you don't, you should.

Such should be the case with trading. The business plan doesn't have to be a technical one, just something that clearly defines your trading mission, goals, and plans on paper so that you can follow it, refer to it, and make decisions based on it. Your business plan should be a guidebook - the directions, if you will - throughout your career. It is an integral document you want at all times because a well thought out plan can lead you to success.

Keep in mind that a business plan is not a trading plan. Your business plan is a blueprint for success if you take the time to do it properly. You will want to include objectives, risks, opportunities, and if possible, guidelines that address the emotional factors that many traders and business owners experience. The plan should



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Key Points:

- **Setting out your goals is the most important feature of your business plan**
- **Create a cash flow statement for the next five to ten years**

go beyond your methodology and should include your goals, cash flow statements, assets, business strategies, and trading environment - each of which is covered below in more detail.

5 PROMINENT FEATURES OF A BUSINESS PLAN

Feature #1: Goals

Your goals should be strategically laid out in your business plan. Goals should be clear, short term and realistic. These short-term goals should hopefully lead you to long-term success. By employing short-term goals vs. long-term goals, you are creating a motivating environment for yourself. You are essentially breaking your long-term goals down into bite size pieces that are easier to attain.

A business plan should be designed to motivate you to make higher highs in your account equity. When you know what your equity high water mark is, you can then set that high point as your next goal. This is a continuous process that will make you aware of the pivot points in your account. At the end of each day, you will want to determine your account equity. Your account equity becomes the foundation of your goals and will be the core of your money management strategy.

Feature #2: Pro Forma Cash Flow Statements

Another important feature of your business plan is your Pro Forma Cash Flow Statements. All professional business plans require them and there is no reason you shouldn't do the same. These statements allow you to look at your current start-up financial status as well as where you plan to be five and ten years down the road.

You will have to make some assumptions when developing this document, but be certain that you make these assumptions in a realistic manner. You may also want to look at developing a best-case scenario and a worst-case scenario. Just as you would do with a small business, you need to hope for the best, but plan for the worst. Developing these cash flow statements will allow you to do just that.

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Key Points:

- **Decide what assets you can afford to fund your day trading**
- **Be prepared to lose all of your day trading capital - don't commit assets you cannot afford to lose**
- **There are always "hidden" costs you must figure into your plan such as account minimums and commissions**

Feature #3: Assets - Funding Your Day Trading

Once you have your business plan laid out, it is time to look at your capital for funding the business. There are many risks involved in day trading, so if you have limited financial resources, you may have to consider part-time vs. full-time day trading initially. However you fund your trading, you need to be prepared mentally and emotionally to lose it all.

Many uneducated traders will borrow from their retirement plans, use student loans, deplete emergency savings, and even take out a second mortgage to trade. If these funds are contingency funding sources for specific life events, what will you do if you lose these sources to trading? Not tapping into these funding sources is reason enough for many people not to become full-time day traders.

4 "Hidden" Costs Your Funding Must Cover

If you determine that you have the capital to sustain your current lifestyle AND invest in your trading business, it is imperative that you consider the following "hidden" costs when funding your trading.

"Hidden" Cost #1: Account Minimums

It is no secret that day trading can lead to large and immediate financial losses. Many brokerage firms require that you start an account with a minimum of \$25,000 when other traders say that a properly funded account should be no less than \$50,000.

"Hidden" Cost #2: Commissions

You also need to be prepared to pay a commission per share. Even if the trading cost is low, day trading requires aggressive trading strategies and you will have to pay a commission per



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Key Points:

- Trading on margin can open you up to the risk of losses beyond your initial investment
- Plan to set aside 20% of your earnings to cover income taxes on your profits
- Fully assess your financial situation before committing to a career in day trading

trade. These commissions can quickly add up to losses and can significantly reduce your earnings as well.

"Hidden" Cost #3: Trading on Margin and Short Selling

Day trading on margin and short selling can result in losses and often beyond your initial investment. This is because you may have to purchase a stock at a very high price in order to cover a short position. Day trading on margin is essentially trading on someone else's money and it is very possible to lose more than the funds you originally invested. Declines in the value of securities that you purchased may require that you make an additional investment or the firm may be forced to sale securities in your account.

"Hidden" Cost #4: Taxes on Profits

Because you are now an owner of your own business, there will be no "paycheck stubs" and taxes automatically deducted from your "pay". You will have to set aside a minimum of 20% of your profits in order to have the funds to pay taxes for the year.

These are all situations that you must be prepared for and you will want to include in your finances and funding strategies of your business plan. Doing so will allow you to manage your money more effectively and efficiently.

4 Key Questions for Assessing Your Financial Situation for Trading

In addition to how you are going to fund your actual trading, you will need to look at what your profit will be and if it will sufficiently support the lifestyle of you and your family. Assess your financial situation for trading and ask yourself these key questions.

- Can you afford the minimum capital to open a brokerage account?
- Are you comfortable with losing any or perhaps all of the assets?
- Do you have the time- anywhere from 6 to 12 months, or longer - and patience to see if you can make a profit at trading?

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Key Points:

- **Create a successful business strategy as you would for any small business**
- **Part of this will be developing a cost structure and assessing your material needs**
- **You must also decide the “nature” of your day trading activities including a day trading strategy for reaching your business plan goals**

- Where will you get your funding, and more importantly, can you afford to spend it?

The funding of your business is a critical feature of your business plan. Do not overlook its importance!

Feature #4: Business Strategies

As a full-time trader, you have to consider yourself a business. You have to think like a business, and you have to realize that you are risking the business' capital with every decision. Each and every decision has to be thought through from a business perspective, not a personal or emotional one.

There are several decisions regarding your business that you will have to make such as its:

- Cost structure
- Facilities
- Equipment - Hardware and Software
- Market environment
- Leverage

If you make any errors in these decisions, you will have already placed yourself at a disadvantage. After you have made these decisions, there are still more to make such as:

- Which futures/stocks will the business trade?
- How and how often will the trades be tracked?
- How much risk can it take on?
- What are the exit plans for downward spiraling trades?
- Should it hold positions overnight?

Day trading is much more than entering an order and watching the money come in - or go out. Managing a losing trade is quite possibly one of the toughest situations in which you will find yourself - and you will have mere seconds to make a decision to

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Key Points:

- **Create a quiet work space for yourself, either at home or away, with set “workplace” rules**
- **Establish your own work routine that will allow you to focus on the day ahead and relieve stress in the long run**

either turn it around or cut your losses. You simply have to plan for this and other equally demanding scenarios.

Feature #5: Trading Protocols and Environment

Your business plan should include a description of your trading protocols and environment, which will most likely be your office—whether at home or away from your home. Wherever it is, your goal is for your office to be located in a private space - or preferably, a separate office - so that you are not easily distracted and/or interrupted.

Create your environment so that you begin work in the morning with proper preparation. Establish a protocol so that each morning before you begin to trade, you avoid distractions and focus on your plan for the day before the markets open. Ignore distracting morning phone calls, administrative details, and other issues prior to beginning your trading day. Don't attempt to trade and handle these distractions at the same time, as you are more than likely going to miss something and make a bad trade.

At the end of the trading day, establish additional protocols to do nightly studying at the same time and in the same place. Consistency is incredibly important in maintaining your motivation and hitting your goals. Daily routines and rituals can be stress relieving and will allow you to establish a flow of trading activities much more easily.

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Key Points:

- Your level of day trading success depends on how much you are willing to put into it
- Like any career, having a passion for what you do certainly helps
- If after reading this e-book you decide that day trading is the right career move for you, TradingEveryday.com can help make your dreams a reality!

DOES DAY TRADING EQUATE TO GLAMOUR AND GLITZ?

For some, yes. For others, no. That will depend entirely on you. Successful trading will depend on how much you're willing to invest in the endeavor relevant to time, effort, energy, and money. It also helps if you have a passion for trading or at least the ability to set goals and to achieve them.

Like any home or small business, successful trading is extremely time consuming and requires a commitment. In addition to the actual trading hours, factor in the time needed to do research, review charts, attend chat rooms with other traders, and/or make phone calls to discuss ideas and strategies, and all of sudden there aren't enough hours in the day to do all you want to do.

Your dreams about working from the comfort of your own home, spending more time with your families, and working a short amount of time each day are definitely doable. It's just not necessarily going to happen overnight, and we at Trading Everyday are available to help you get closer to making that dream a reality.



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About Leroy Rushing Jr.

With two Master's degrees in Business Administration (Finance) and Science (Statistics), professionally trading stocks is almost a natural vocation for me. By applying my knowledge of business and mathematical principles to the stock market, I found that I could reduce my investment risk by "deconstructing" a stock using chart analysis and market indicators.

But it wasn't always a walk in the park. I found that there are other variables, like the emotional and mental state of the trader, that play a large part in the trading process. I've developed a plan that helps traders find the right trades, and find the courage to make the right decisions.

In my previous corporate life, I was also responsible for providing leadership and training to others in the company. That extensive experience has become the basis of my coaching program today.

I encourage you to [contact me](#) with any questions you may have about my products or services. And don't forget to [register for a Free Consultation/Training Session](#). I will give you the guidance and support that you need to improve your knowledge, skills, and mental focus for higher profitability.

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