

# THE NINE NON-NEGOTIABLES

A BLUEPRINT TO THE  
SECRETS OF CONFIDENT  
AND SUCCESSFUL  
INVESTING



By:  
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ORGANIZE	<p><b>Connect</b></p> <p>One central location for helpful tools and resources</p>	<p><b>Access</b></p> <p>Establish your personal financial portal</p>	<p><b>Capture</b></p> <p>Develop your complete financial picture</p>
ALIGN	<p><b>Discern</b></p> <p>What you most want, and need your money to do</p>	<p><b>Analyze</b></p> <p>What's working, and not working, in your financial life</p>	<p><b>Identify</b></p> <p>Keys steps towards optimal financial outcomes</p>
EXECUTE	<p><b>Implement</b></p> <p>Systematic processes and tailored strategies</p>	<p><b>Monitor</b></p> <p>Measure and evaluate ongoing processes</p>	<p><b>Navigate</b></p> <p>Adjust for arising challenges and opportunities</p>

## **Outline**

### **Organize: Set the Table**

1. Connect
  - a. Choosing the right custodian
  - b. Features to evaluate (fees, options, mobile access)
  - c. Establishing your financial “home base”
2. Access
  - a. Using modern tools for efficient portfolio management
  - b. Security and accessibility of accounts
  - c. Checklist of must-have features for your custodian
3. Capture
  - a. Accessing your financial picture (income, expenses, liabilities)
  - b. Risk tolerance and investment knowledge
  - c. Building a foundation for investment readiness

### **Align: Plan the Work**

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### **Execute: Work the plan**

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  - b. Understanding account types and their benefits
  - c. Triangulating investment accounts
8. Monitor
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9. Navigate
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  - b. Importance of long-term perspective
  - c. Strategies for maintaining resilience and confidence

# Nine Non-Negotiables

Investing is a science. Success is a behavior. Through my daily work with successful investors, I've identified nine essential steps that all successful investors follow. These steps, which I call the Nine Non-Negotiables, are the cornerstones of this book.

I've noticed a pattern amongst my clients. Clients who have more money tend to have less time. Our clients have outpaced every inclination that it takes to manage all aspects of an investment portfolio. We often have linked arms to work together towards their financial goals. Every successful investor started somewhere. Here, I'll outline some fundamental steps that both new and experienced investors can use as a guide or benchmark.

Some steps are straightforward, while others require more effort and understanding. I will explain each step in detail in this book, highlighting their importance and providing actionable advice. Think of this book as a practical to-do list that you can implement immediately rather than a theoretical guide for future reference. You can start investing now, regardless of the amount. So dive in and follow the steps to start, continue, or perfect your investment journey. I believe in the power of simplicity and structure, which is why this book is organized into three main sections: Organize, Align, and Execute. In simpler terms, set the table, plan the work, and work the plan. See chart above.

By the end, you'll have a clear, actionable roadmap to follow, helping you navigate the investing world with confidence and clarity. Let's get started on building your path to financial success.

# Organize (plan the work)

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## Connect

In this digital age, almost everything can be managed from your smartphone—from ordering food to finding a lifelong partner. Investing is no different. While desktop versions are available, using your phone for investing is convenient and practical.

The first crucial step for a new investor is choosing a custodian to open your investment accounts with. Some of you may already have accounts, so bear with me. Popular custodians include Charles Schwab & Co., Fidelity Institutional, and Robinhood. Each has its unique advantages. Many choose Charles Schwab and Fidelity for their proven track records and robust services. On the other hand, Robinhood and newer platforms offer user-friendly interfaces that simplify trading and account navigation.

It's essential to conduct due diligence when selecting your custodian. Below, I've included a chart to help you weigh your options when deciding. Once you've chosen your custodian, this will become your central hub for managing your financial life. Think of it as your home base. Most custodians provide access to relevant news, investment tips, account statements, fund transfer features, your stock positions, and your overall investment portfolio. This connectivity simplifies the investment process, allowing you to stay informed and control your financial journey.

<b>Consideration</b>	<b>Description</b>
Account Fees	Review the fees for opening, maintaining, and closing the account.
Investment Options	Ensure a wide range of investment options (stocks, bonds, mutual funds, ETFs).
Research and Tools	Check for access to research reports, analytical tools, and financial calculators.
Customer Service	Evaluate the availability and quality of customer service representatives.
Ease of Use	Consider the user-friendliness of the platform's interface and functionality.
Minimum Deposit	Verify if there is a minimum deposit requirement to open an account.

Commission Structure	Understand the commission rates for trades and any hidden charges.
Regulation Structure	Confirm the custodian is regulated and has robust security measures.
Promotion and Offers	Look for any sign-up bonuses or promotional offers for new accounts.
Mobile App	Access the quality and features of the mobile app for on-the-go trading.
Reputation	Research the custodian's reputation and reviews from other investors.
Educational Resources	Check for educational materials and resources to help you make informed decisions.
Additional Services	Consider additional services like retirement accounts, banking services, etc.
International Access	Ensure the ability to trade and access the account internationally.

Note that you can always change your custodian in the future. You are not locked into one forever, and thus, you can do what is called an ACAT (Automated Customer Account Transfer) if you choose to change custodians for a variety of reasons.

# Access

Investing used to be a cumbersome and time-consuming process. Charting stock prices required investors to track and plot data by hand meticulously. Placing trades involved calling a broker, who would execute orders on the investor's behalf, often leading to delays and higher costs. Today, investing is significantly more accessible and efficient. Modern investors can quickly analyze data, place trades, and manage their portfolios instantly from their smartphones, making the process seamless and user-friendly.

Access is one thing; utilizing it effectively is another. Below, you'll find a checklist of features available through your custodian. I recommend exploring the platform to familiarize yourself with these tools before the time is right.

*Success is often found at the crossroads between preparation and opportunity*

Life can be unpredictable – you've been saving for a house, and your dream home is suddenly on the market. Do you know how to transfer the funds from your investment account to your bank? When meeting with your tax advisor, do you know where to find all your financial statements? If breaking news affects a company you're invested in, do you know where to find the latest updates? Being familiar with the platform will allow you to make actionable decisions and not question what to do when it matters most.

Essentially, you have a bird's-eye view of your entire financial landscape. Look at the checklist and ensure you can access all these features...(most custodians offer all of the below features, but it is still good to know the capabilities of your custodian).

## Security Features (most important)

- Password Vault:** This is not just for investing but all your log-ins
- Two-Factor Authentication (2FA):** Enhance account security with additional verification steps
- Account Alerts:** Receive alerts for suspicious activity and login in attempts
- Secure Document Uploads:** Safely upload documents needed for account management

## Account Management

- Account Statements:** Access monthly, quarterly, and annual statements
- Trade Confirmations:** Review records of each trade made
- Tax Documents:** Find 1099 forms and other tax-related documents
- Account Balance:** Check real-time account balance
- Transaction History:** View the detailed history of deposits, withdrawals, and trades

## Portfolio Management

- Cost Basis:** Understand the original value of investments for tax purposes
- Performance Reports:** Track the performance of investments over various time frames
- Asset Allocation:** Review the breakdown of different asset classes in the portfolio
- Watchlists:** Create and monitor lists of stocks and other securities of interest
- Dividend Reinvestment Plans (DRIPs):** Enroll and manage dividend reinvestment options

## Research and Analysis

- Stock Screeners:** Use tools to filter and find stocks based on specific criteria
- Fund Screeners:** Similar tools for mutual funds and ETFs
- Analyst Reports:** Access professional analysis and ratings on stocks and funds
- Research Reports:** Detailed reports on market trends and individual securities
- Market News:** Stay updated with the latest financial news and market events
- Charts and Technical Analysis Tools:** Use interactive charts and tools for technical analysis

## Trending Tools

- Order Types:** Understand and use different order types (market, limit, stop-loss, etc.)
- Options Trading:** Access tools and education for trading options
- Margin Accounts:** Learn about trading on margin and the associated risks and benefits
- Fractional Shares:** Buy portions of shares to invest in high-priced stocks
- Recurring Investments:** Set up automated investment plans

## Educational Resources

- Webinars and Seminars:** Participate in live and recorded educational sessions
- Tutorials and Guides:** Access step-by-step guides on various investing topics
- Investment Calculators:** Use tools to calculate retirement needs, savings goals, and more
- Community Forums:** Engage with other investors in discussion boards and forums



## Customer Support

- Live Chat and Phone Support:** Access to immediate help from customer service
- Email Support:** Send inquiries and get responses via email
- Branch Access:** Find and visit physical branches for in-person assistance (if available)

## Mobile and Online Features

- Mobile App:** Use a mobile application for on-the-go account management and trading
- Alerts and Notifications:** Set up alerts for price changes, market news, and account activity
- Secure Messaging:** communicate securely with customer support through the platform

## Additional Tools and Services

- Retirement Planning Tools:** Access calculators and resources for retirement planning
- Budgeting Tools:** Manage personal finances and budgeting within the platform
- Advanced trading platforms:** For experienced traders, access advanced platforms with more sophisticated tools

# Capture

Think about why you picked up this book in the first place. You likely have a specific goal in mind for your investments. Most investors fall into one of two categories: those aiming to preserve their wealth and those seeking to grow it.

Which category do you fall into?

Are you looking to raise capital for a home purchase, maximize your savings for retirement, earn more than a bank savings account, or simply because everyone talks about it? Whatever your goal, there are a few crucial steps to take first.

Imagine your kitchen. You want to try a new recipe you found online. Besides how delicious it might be, one of the first things you consider is whether you already have all the necessary ingredients. Now, think of your investing goal. Do you have everything you need to start investing, or do you need to gather some "ingredients" first?

So, what are these key ingredients you should check before investing? These include your monthly salary, assets, liabilities, upcoming expenses, tax brackets, spending patterns, and existing investments. Ensuring you understand your financial situation clearly will help you create a balanced and successful investment strategy with a solid foundation to work on.

As you assess whether a recipe suits your skill level and available ingredients, you must gauge if your investment plan matches your financial situation and risk tolerance. One effective way to do this is by taking a **risk tolerance questionnaire**, which helps balance the risks you can tolerate with those you should take. These tests are widely available online and can provide valuable insights into your investment readiness.

Here are some topics you can consider to help capture your financial picture and why they matter to you. We will go over goal setting in the next section.

- **Income Stability:** Understand your regular income sources and their stability. A consistent income stream ensures you have funds to invest regularly and manage your expenses without stress.
- **Expenses and Budgeting:** Track your monthly payments and create a budget. Knowing your spending habits helps you identify how much you can invest without compromising your lifestyle.
- **Debt and Liabilities:** Assess your current debts, including credit card balances, student loans, and mortgages. High-interest debt should be prioritized for repayment, as it can erode investment gains.
- **Financial Goals:** Define your short-term and long-term financial goals. Clear goals guide your investment strategy, helping you choose suitable investment vehicles and time horizons.

- **Risk Tolerance:** Determine your risk tolerance, which is your ability and willingness to endure market fluctuations. This self-awareness ensures you select investments that align with your comfort level, preventing panic-driven decisions.
- **Investment Knowledge:** Educate yourself about different investment options, such as stocks, bonds, mutual funds, and real estate. Understanding the basics empowers you to make informed choices and effectively diversify your portfolio.
- **Time Horizon:** Identify your investment time horizon or how long you plan to invest before needing the funds. A longer time horizon often provides flexibility for higher-risk investments with greater growth potential, whereas a shorter time horizon may call for more conservative strategies to prioritize capital preservation.
- **Tax Implications:** Be aware of the tax consequences of your investments. Understanding how different investments are taxed helps you plan strategically and maximize after-tax returns.
- **Asset Allocation:** Plan your asset allocation based on your risk tolerance and time horizon, ensuring a diversified portfolio to mitigate risk.

(We offer a professional risk questionnaire if you would like to take one, reach out to me via email or text, and I will personally send you a secure link to take your questionnaire.)

# Align (plan the work)

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## Discern

A step in planning your investment journey is to discern your goals. We touched on this briefly before, but now it's time to delve deeper. Have you thought about what you truly want to achieve? Instead of focusing on a numerical value, consider your life goals.

Do you dream of retiring comfortably and providing for your children? Paying off loans? Owning a home? Or escape to a beach house?

Now, translate that life goal into a financial goal. Having more financial resources can increase the likelihood of achieving your dreams. Does money equate to happiness? That's debatable. However, it undeniably can reduce financial stress and improve quality of life by offering security and access to essential resources. Financial stability allows you to meet your basic needs, pursue your ambitions, and handle unexpected expenses, contributing to greater well-being and peace of mind.

The pivotal question is: What do you most want and need your money to accomplish?

This e-book is designed to help you answer that question and create a strategy to reach your goals.

This chapter has a few reflective questions to help you clarify your objectives. Take some time to read through them and reflect on your answers.

1. How do you envision your life in the next 5, 10, or 20 years, and how do you see your investments playing a role in that vision?
2. What are your biggest financial concerns or fears, and how do you feel they might impact your investment decisions?
3. Can you think of a positive or negative experience with investing and what you learned from it?
4. How do you balance the desire for financial growth with the need for security and peace of mind?

By carefully considering these questions, you can develop a clearer picture of your financial and life goals, laying a solid foundation for your investment strategy. Pairing your answers with your risk tolerance score from the previous section is also a method for creating an investment strategy.

***Fortune favors the properly prepared***

# Analyze

Let's address what you perceive might be stopping you from achieving financial success. Is it lower income, high expenses, poor investing decisions, unexpected life emergencies, or a lack of guidance? Everyone faces unique challenges that can hinder their financial goals. However, many of these barriers can transform into opportunities for improvement. For instance, you might discover overlooked expenses, like forgotten subscriptions or the potential savings from opting for generic brands, though I draw the line at generic cereals!

Below, you'll find exercises and recommendations to help you identify potential savings and make impactful changes to your financial habits. You can uncover opportunities to enhance your financial health by scrutinizing these barriers.

It's equally important to acknowledge the positive steps you're already taking. Are you maximizing contributions to your company retirement plan, especially if there's a matching benefit? Are you consistently adding to your savings account? Have you already cut down on luxury expenses and embraced cost-effective alternatives? If you have healthy financial habits, lean into them further and refine them.

Remember, while broader issues like income inequality, education, and employment opportunities can pose significant barriers, focusing on the actionable steps outlined in these exercises can materially improve your chances of overcoming those barriers and achieving financial success. You can craft a robust plan to achieve your financial goals by analyzing your challenges and strengths.

Even the most seasoned navigators seek guidance. Financial experts – tax advisors, CPAs, and others – are invaluable allies in your journey.

Here are some ideas on how you can refine your financial life. Some might make sense; some might not. I made it broad enough for any reader to relate with 2-3 points. For example, I realized I spent too much money on dining and impulsively purchased luxury items I don't use.

## Review and Reduce Expenses

### 1. Cancel Unused Subscriptions

- Go through your bank statements and identify subscriptions you no longer use or need, such as streaming services, magazines, or gym memberships.

### 2. Dine Out Less

- Prepare meals at home instead of eating out. Plan your meals and create a grocery list to avoid impulse purchases. (Although groceries have been expensive recently)

### 3. Review Utility Bills:

- Check if you can lower your utility bills by conserving energy, negotiating rates, or switching providers for better electricity, gas, water, and internet deals.

### 4. Buy Generic Brands

- opt for generic or store-brand products instead of name brands, especially for groceries and household items.

## **5. Shop Smart:**

- Take advantage of sales, use coupons, and shop at discount stores. Consider buying in bulk for items you use frequently.

## **6. Limit Entertainment Expenses:**

- Look for free or low-cost entertainment options like local events, community activities, or streaming free content.

# **Financial Management Strategies**

## **1. Create a Budget:**

- Track your income and expenses to identify areas where you can cut back. Stick to your budget to ensure you are living within your means.

## **2. Automate Investments:**

- Set up automatic transfers to your investment account to ensure you consistently invest a portion of your income.

## **3. Avoid Impulse Purchase(s):**

- Wait 24 hours before making a non-essential purchase to determine if you need them.

## **4. Pay off High-Interest Debt:**

- Focus on paying off high-interest debts, such as credit card balances, to reduce interest payments and free up more money for savings.

# **Long-Term Strategies:**

## **1. Refinance Loans:**

- Consider refinancing your mortgage, student loans, or other debts to take advantage of lower interest rates and reduce monthly payments.

## **2. Invest Wisely:**

- Invest in low-cost index funds, retirement accounts, or other investment vehicles to grow your wealth over time.

## **3. Plan for Major Purchases:**

- Save up for major purchases, such as a car or a home, instead of financing them with high-interest loans.

# **Lifestyle Changes**

## **1. Downsize:**

- If possible, consider moving to a smaller home or a less expensive area to reduce housing costs.

## **2. DIY:**

- Take on do-it-yourself projects for home repairs, maintenance, and other tasks to save on labor cost

## **3. Limit Luxury Spending:**

- Reduce spending on luxury items and non-essential services. Focus on needs rather than wants.

## **4. Earn Extra Income:**

- Look for side jobs, freelance work, or other opportunities to increase your income and boost your savings.

Systematically reviewing your expenses and implementing these strategies can significantly increase your savings and overall financial health.

Disclaimer: you do not have to do every single one of these things. Some of them might even sound comical to you. But someone reading this may need to hear it. It is all about making a sacrifice now to gift yourself an opportunity for a more comfortable future.

***Small steps can compound to large changes***



# Identify

For the final step of “planning the work,” it’s essential to identify how your life and financial goals align with the investment journey you’re about to embark on. Imagine I’m a seasoned hiker tasked with preparing you for your first long hike. I might ask, are you aiming for a lengthy, comfortable hike with a decent view? Or do you prefer a shorter, riskier hike with a stunning view? Are you content with your current view and prefer to stay put? As different hikes require different supplies and tools, your investment journey will need other strategies and resources based on your goal.

If your goal is to grow wealth steadily over time, your journey may be more comfortable, requiring patience and focusing on long-term gains. Conversely, an aggressive strategy aimed at rapid wealth growth requires a solid mentality to handle market volatility and risk. Your specific goals will help determine your journey: growing wealth vs. preserving wealth, steady growth vs volatile growth, or income generation vs capital appreciation.

Ultimately, everyone’s investment journey will be unique and personalized to their circumstances and aspirations. Are you mentally prepared for investing? Understanding your goals and how they shape your path is crucial.

Your friend may need to understand your investment goals before blindly providing investment advice. Just because it works for them doesn’t mean it will work for you. You must determine what path you are willing and able to embark on to achieve your goals. Below are general examples of different types of investors and their respective strategies

## Aggressive Investor

**Investment Strategy:** Growth Investing

**Objective:** To achieve significant capital appreciation by investing in high-growth assets, often with higher risk.

- **Stock Selection:** Focus on growth stocks, which are companies expected to grow above average compared to other companies. This includes technology, biotechnology, and other innovative sectors.
- **Allocation:** A higher percentage of the portfolio tends to be allocated to equities with minimal allocations to bonds/cash.
- **Investment Vehicles:** Consider investing in individual stocks, aggressive growth mutual funds, or ETFs focused on emerging markets and sectors with high growth potential.
- **Risk Management:** One may use stop-loss orders to protect against significant losses and regular portfolio reviews to adjust holdings based on performance and market conditions.

## Moderate Investor

**Investment Strategy:** Balanced Investing

**Objective:** To balance capital appreciation and income generation with a moderate level of risk.

- Stock and bond allocation: A balanced portfolio typically includes a mix of equities and fixed-income securities, such as bonds (e.g., 60% equities and 40% bonds).
- Diversification: To spread risk, invest in a diversified portfolio of stocks, bonds, and possibly other asset classes like real estate or commodities.
- Investment Vehicles: Balanced mutual funds or ETFs that automatically maintain a diversified mix of assets can be a good choice. Consider dividend-paying stocks and high-quality corporate or government bonds.
- Risk Management: Regularly rebalance the portfolio to maintain the desired asset allocation and reduce exposure to any over-performing or under-performing asset class.

## **Conservative Investor**

**Investment Strategy:** Income Investing

**Objective:** To preserve capital and generate a steady income with minimal risk.

- Fixed-Income Focus: The portfolio primarily comprises fixed-income securities like bonds, certificates of deposit (CDs), and Treasury securities (e.g., 70-80% bonds and 20-30% equities).
- High-Quality Bonds: Invest in high-quality, investment-grade bonds, including government and corporate bonds, to ensure a steady income stream with lower risk.
- Dividend Stocks: Include a smaller allocation to blue-chip, dividend-paying stocks to provide some growth potential while still generating income.
- Investment Vehicles: Consider bond mutual funds, fixed-income ETFs, and dividend-focused mutual funds or ETFs.
- Risk Management: Focus on preserving capital by choosing low-risk investments, regularly reviewing the portfolio to ensure it aligns with risk tolerance, and adjusting as necessary to maintain a low-risk profile.

After some time to think about which strategy fits your needs, what type of account would you open?

*Investing is a journey, not a race*

# Execute (work the plan)

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## Implement

You've set up your investment account and want to make your first investment, but what type of account should you use?

Choosing an investment account that aligns with your financial goals is essential to a successful investment strategy. Different accounts cater to various needs, whether saving for retirement, building wealth, or simply looking for flexible investment options. Here, we'll outline some of the most common types of accounts to help you make an informed decision.

### 1. Retirement Accounts: Planning for Long-Term Security

Retirement accounts offer a solid foundation if your primary goal is to save for the future and take advantage of tax benefits.

- **401(k):** A 401(k) plan is usually provided by employers, allowing employees to contribute a portion of their paycheck into an investment account. Employers often match a portion of your contributions, significantly boosting your retirement savings. Contributions are made with pre-tax income, lowering your taxable income for the year, though withdrawals in retirement are taxed as ordinary income.
- **IRA (Individual Retirement Account):** IRAs are personal retirement accounts that come in two main types—traditional and Roth. Contributions to a traditional IRA are tax-deductible, but withdrawals are taxed in retirement. Conversely, a Roth IRA uses post-tax dollars for contributions, allowing for tax-free withdrawals in retirement, making it an attractive option for those who expect to be in a higher tax bracket later on.
- **SEP IRA and SIMPLE IRA:** These accounts are designed for small business owners or self-employed individuals. They offer higher contribution limits than traditional IRAs, making them ideal for those who want to save more aggressively for retirement.

### 2. Brokerage Accounts: Flexibility and Accessibility

A standard brokerage account offers a versatile option for those who want more flexibility in accessing their funds. Unlike retirement accounts, brokerage accounts have no contribution limits or withdrawal restrictions, giving you the freedom to invest, buy, and sell at any time. However, they do not offer the same tax advantages, so you'll need to account for capital gains taxes on any profits you make.

- **Individual Brokerage Account:** This is a personal account that allows you to trade stocks, bonds, ETFs, and other securities. You pay taxes on dividends and capital gains, making it a good option for investors who want flexibility and don't need the tax benefits of retirement accounts.
- **Joint Brokerage Account:** A joint brokerage account is owned by two or more people, typically spouses. Both account holders have equal access to the assets, making it a convenient option for couples or family members looking to manage investments together.

### 3. Education Savings Accounts: Investing in Future Generations

If your primary focus is saving for a child's education, education-specific accounts offer tax benefits designed to help fund future educational expenses.

- **529 Plan:** A 529 plan is a tax-advantaged savings account for education expenses. Contributions are made with after-tax dollars, but earnings grow tax-free and can be withdrawn tax-free for qualified education expenses. Some states offer additional tax deductions or credits for 529 contributions.
- **Coverdell Education Savings Account (ESA):** A Coverdell ESA is another education-focused account with similar tax benefits to a 529 plan. While contribution limits are lower, Coverdell ESAs offer more flexibility in the types of education expenses they cover, including K-12 and college expenses.

### 4. Health Savings Accounts (HSAs): Saving for Medical Expenses

If you have a high-deductible health insurance plan, a Health Savings Account (HSA) allows you to save for medical expenses with significant tax advantages.

- **HSA:** Contributions to an HSA are tax-deductible, and withdrawals for qualified medical expenses are tax-free. Additionally, funds in an HSA roll over year to year, unlike a Flexible Spending Account (FSA), making it a valuable tool for current and future healthcare costs. Some investors even treat their HSA as a secondary retirement account, letting it grow tax-free for medical expenses in retirement.

### 5. Custodial Accounts: Investing for Minors

Custodial accounts, such as UGMA (Uniform Gifts to Minors Act) and UTMA (Uniform Transfers to Minors Act), allow adults to manage assets on behalf of a minor. These accounts can help you invest for a child's future, giving them access to the funds once they reach the age of majority.

- **UGMA and UTMA Accounts:** These accounts allow parents or guardians to transfer assets to a child, who gains control over the account upon reaching adulthood. They offer flexibility in how funds can be used, but earnings are taxed, often at the child's rate.

For example, most of our clients follow a "triangulation" model, where each account is strategically positioned to serve its purpose within the broader investment ecosystem.

For instance, a typical portfolio might have the largest portion of funds in a 401(k) with a moderate strategy, ensuring long-term growth and stability. This is complemented by a medium-sized individual brokerage account, often managed with a moderate-to-aggressive strategy to balance flexibility and growth potential. Finally, a smaller Roth IRA might be leveraged with an aggressive approach, maximizing tax-free growth on higher-risk, higher-reward investments.

Each account serves its own unique purpose, capitalizing on its distinct advantages. A 401(k) offers tax-deferred growth and employer contributions, the individual account provides liquidity and flexibility, and the Roth IRA delivers the power of tax-free compounding. When these accounts are managed in harmony, they create a cohesive financial engine—a system that works together efficiently, adapting to life’s changes while remaining aligned with long-term goals.

While the specifics of this strategy depend on individual circumstances, the underlying principle remains the same: knowing how to strategically orchestrate your accounts to work as one machine is key to building and sustaining financial success.

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That was a long list, but the main takeaway is that many investment accounts are available to suit different financial needs. No matter what your goals are, there’s an account that can help you achieve them. Most investors typically choose a combination of three accounts: a 401(k) through their employer, an IRA (either Roth or Traditional), and an individual brokerage account. This mix provides a balanced approach, offering retirement tax benefits and flexibility for other financial goals.

# Monitor

Once your investments are in motion, regularly monitoring their progress is essential to stay on track toward your financial goals. A disciplined approach to reviewing and adjusting your portfolio ensures it operates like a well-oiled machine, adapting to market changes and evolving life circumstances.

Consider automating your contributions through recurring deposits, allowing you to build your portfolio consistently over time. Dollar-cost averaging can mitigate the impact of market volatility, helping you avoid emotional decision-making. Decide on a monthly or weekly schedule, and gradually increase your contributions as you progress.

Establish a clear decision-making framework for buying, holding, or selling investments. Set specific criteria, such as reaching certain price points, fundamental changes, or shifts in personal goals, to guide each action. This structured approach reduces impulsive reactions and keeps your strategy grounded.

As you monitor your portfolio, prepare for market fluctuations. Stay calm during dips and avoid the temptation to chase highs (FOMO). Regularly reassess your goals and risk tolerance, setting up periodic reviews to evaluate portfolio alignment and performance. Stay informed about market trends and economic factors, providing context to portfolio movements and reinforcing informed, thoughtful adjustments.

Monitoring your investments with consistency, discipline, and resilience enhances your chances of long-term financial success. Remember:

***Investing is a Science, and Success is a Behavior.***

By staying committed to a structured approach, you'll confidently navigate the ups and downs of investing, ensuring your portfolio remains aligned with your financial aspirations. Take a look at good practices you can adopt below.

## Performance benchmarks:

- How to check: Compare your portfolio's performance against relative indices like the S&P 500 or other benchmarks that match your investment strategy.
- Action: Review your custodian's performance reports regularly and adjust your strategy if your portfolio consistently underperforms the benchmark from your risk tolerance questionnaire.

## Asset Allocation:

- How to Check: Ensure your asset allocation aligns with your risk tolerance and investment goals.
- Action: Periodically review your portfolio's asset mix and rebalance it to maintain your desired allocation.

## **Diversification:**

- How to Check: Evaluate whether your investments are spread across various asset classes, sectors, and geographic regions.
- Action: Analyze your diversification using tools from your custodian or financial software and adjust it if necessary to reduce risk.

## **Expense ratios and fees:**

- How to check: Monitor the fees associated with your investments, expense ratios, trading fees, and management fees.
- Action: Review your account statements and use fee analysis tools to identify high-cost investments, then consider switching to lower-cost alternatives (Mutual funds tend to have higher fees than ETFs).

## **Dividend and Income Tracking:**

- How to check: track the dividends and interest income your investments generate.
- Action: Review your income statements regularly to reinvest dividends to take advantage of compounding growth.

## **Tax Efficiency:**

- How to check: Evaluate the tax implications of your investment strategy, including capital gains and losses.
- Action: Use tax software or consult a tax advisor to optimize your portfolio for tax efficiency, such as tax-loss harvesting or using tax-advantaged accounts.

## **Financial advisor consultations:**

- How to check: Schedule regular meetings with a financial advisor to review your strategy and get professional advice.
- Action: Whether you have a family friend or know of someone who will do a free consultation, reach out to the financial advisor to set up a call.

## **Market trends and economic indicators:**

- How to check: Stay informed about market trends and economic indicators that could impact your investments.

- Action: Follow reliable financial news sources, subscribe to market analysis reports, and adjust your strategy based on informed insights.



# Navigate

Life is full of unexpected changes. These changes can be positive, like a pay raise or a new job opportunity, or negative, such as a costly medical emergency or sudden job loss. Preparing for both scenarios is crucial to maintaining financial stability and peace of mind. The stock market, like life, has its surprises wrapped in volatility. Just as a captain navigates unpredictable waters, investors must steer their portfolios through both calm and turbulent times. A seasoned captain adjusts their sails and remains calm amidst a storm; similarly, a successful investor must stay composed and strategic during market turbulence.

While the common advice is to “buy low and sell high,” executing this strategy is often easier said than done. Emotional impulses frequently lead investors to do the opposite—buying high when optimism is abundant and selling low in moments of fear. To avoid this trap, developing a structured approach to handling market changes and managing emotional responses is key.

Navigating the investment journey requires a resilient strategy that can withstand both expected and unexpected turns. Here’s a top-down approach to creating a foundation that prepares you mentally and financially for market volatility and life’s changes.

## Define Clear, Long-Term Goals

- Your financial goals are the compass guiding your investment journey. Clearly define what you want to achieve, whether it's building wealth for retirement, buying a home, funding a child’s education, or creating a legacy. Knowing your destination helps you stay focused, even when the market or personal circumstances become challenging. With clear goals, you’ll find it easier to make decisions based on strategy rather than emotion.

## Create a Strong Financial Foundation

- Before diving deep into investing, it’s essential to establish a safety net. This includes building an emergency fund to cover 3-6 months of living expenses, paying down high-interest debt, and ensuring adequate insurance coverage. This foundation provides a buffer against life’s inevitable surprises, allowing you to continue investing with confidence, knowing you won’t need to tap into your portfolio in times of crisis.

## Establish a Consistent Investment Plan

- A consistent, disciplined approach to investing often outperforms attempts at timing the market. Consider setting up automated contributions to your investment accounts, enabling you to benefit

from dollar-cost averaging. This strategy reduces the impact of market volatility by purchasing more shares when prices are low and fewer when prices are high. Over time, this consistent approach can help stabilize your portfolio's performance and reduce the emotional stress of trying to time the market.

## **Diversify to Mitigate Risk**

- Diversification is your lifeboat in rough waters. By spreading your investments across a variety of asset classes, sectors, and geographies, you can reduce the impact of any single investment's poor performance. Think of it as not putting all your eggs in one basket. When some assets underperform, others may excel, balancing your portfolio's overall returns. Regularly reviewing and rebalancing your portfolio ensures it remains diversified and aligned with your risk tolerance and financial goals.

## **Develop a Decision-Making Framework**

- Emotions like fear and excitement can cloud judgment, leading to impulsive actions that may harm your portfolio. Establish a framework for decision-making that outlines the specific criteria for buying, holding, and selling investments. For example, decide on the conditions under which you would buy more of a stock, hold it, or sell it. These criteria could be based on price targets, changes in an asset's fundamentals, or adjustments to your financial goals. A clear framework empowers you to make thoughtful decisions, regardless of market noise.

## **Mentally Prepare for Market Volatility**

- Market downturns are an inevitable part of the investment journey. Mentally preparing yourself for periods of volatility is essential for staying calm and rational during these times. When the market dips, remind yourself of your long-term goals and why you chose your specific investments. Avoid the temptation to panic-sell, as history shows that markets often recover after downturns. Likewise, guard against getting swept up in the euphoria of a market rally, which can lead to overexposure in high-risk areas. A steady hand on the wheel will help you stay the course and make better decisions.

## **Review and Adjust Regularly**

- Just as a captain frequently checks their course, investors must regularly review their portfolio's performance to ensure it aligns with their evolving goals. Life events like marriage, children, or career changes can shift financial priorities, necessitating adjustments in your investment strategy. Schedule periodic reviews—quarterly or annually—to assess whether your asset allocation, risk exposure, and individual investments are still appropriate for your circumstances. Adjust your course as needed, but avoid overreacting to short-term market fluctuations.

## Educate Yourself and Stay Informed

- Successful navigation requires knowledge and awareness. Make it a habit to educate yourself about the markets, economic trends, and financial principles. By staying informed, you'll be better equipped to make confident decisions and understand the forces affecting your portfolio. However, balance this with discipline; avoid overreacting to daily news, as it can lead to unnecessary stress and short-sighted decisions. Focus instead on trends that impact your long-term outlook.

The investment journey is not always smooth sailing. There will be moments of excitement and periods of uncertainty. The key to success lies in your ability to stay the course, maintaining a steady focus on your goals and the strategies you've put in place to reach them. Just as a seasoned captain navigates with confidence, using tools, experience, and preparation to guide the ship through stormy seas, an informed and disciplined investor can navigate market volatility and life's inevitable changes with resilience and poise.

Remember: **Navigating the investment journey is as much about managing your behavior as it is about managing your assets.** By setting clear goals, building a strong foundation, remaining disciplined in your approach, and preparing for both highs and lows, you're setting yourself up for a successful investment journey. Embrace the challenges, adapt when necessary, and trust the course you've charted.

# Conclusion

In the investing journey, success lies in choosing the right assets and understanding yourself, your goals, and the ever-evolving nature of life and markets. Just as a skilled navigator charts a course with intention yet adapts to unexpected shifts, an effective investor embraces both planning and flexibility. By laying a solid financial foundation, staying disciplined, and continually educating yourself, you empower your investments to grow in alignment with your aspirations. Remember, investing is a long game that requires resilience, patience, and a level-headed approach through all market conditions. While you may not control every twist and turn, you do control your response. Stay committed to your goals, revisit your strategy as needed, and trust the principles you've put in place. With the right mindset and habits, your investment journey can yield financial success and bring a profound sense of confidence and fulfillment along the way.

You may learn to love investing, conducting research, and making decisions about your future, or, like many of our clients, you may not have enough time to invest properly and efficiently. This e-book was designed to help those who start and continue their journey. I hope it falls into the laps of new and experienced investors I would never get the honor of speaking to and helping them build or refine their investment journey.

Now get started. It is a long journey ahead. If you have further questions, please email or text me. Thank you.

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