

# Trading Career Path Checklist

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Signal Pilot Education Hub

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### Lesson 42: Trading Career Path

This checklist helps you map your journey from beginner to professional trader, set realistic milestones, and make informed decisions about going full-time.

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### Stage 1: Retail Beginner (\$1K-10K Capital)

#### Duration: 6-12 Months

- [ ] **Focus:** Learn basics (price action, risk management, psychology)
- [ ] **Paper trade first:** 3 months minimum (build confidence, test strategies)
- [ ] **Start small:** \$1K-5K live capital (affordable tuition)

- [ ] **Goal:** Survive, don't blow account (consistency > profits)

## Success Metrics

- [ ] **Follow trading plan 90%+ of time** (discipline)
- [ ] **Risk 1-2% max per trade** (risk management)
- [ ] **Journal every trade** (learning loop)
- [ ] **Avoid revenge trading** (emotional control)
- [ ] **Performance:** -5% to +5% monthly (break-even goal)

## Action Items

- [ ] Read 3-5 trading books (Technical Analysis, Market Wizards, Trading in the Zone)
  - [ ] Complete beginner course (Signal Pilot, Babypips, YouTube)
  - [ ] Open paper trading account (TD Ameritrade, Alpaca, TradingView)
  - [ ] Build trading plan (entry rules, exit rules, risk management)
  - [ ] Paper trade for 30+ trades (prove consistency before going live)
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## Stage 2: Consistent Retail (\$10K-50K)

### Duration: 12-24 Months

- [ ] **Focus:** Refine edge (backtest, journal, iterate)
- [ ] **Increase capital:** Save from job + compound profits
- [ ] **Consistent profitability:** 3-6 months green (prove edge)
- [ ] **Goal:** Supplement income, build track record

## Success Metrics

- [ ] **6 consecutive profitable months** (consistency)
- [ ] **Sharpe ratio > 1.5** (risk-adjusted returns)
- [ ] **Max drawdown < 15%** (controlled risk)
- [ ] **Performance:** 5-15% monthly (realistic at this stage)
- [ ] **Income:** \$500-\$3K/month (supplement, not replace job)

## Action Items

- [ ] Backtest strategy on 3+ years data (prove edge exists)
  - [ ] Track performance metrics (win rate, avg R, Sharpe, drawdown)
  - [ ] Scale capital: \$10K → \$25K → \$50K (deposits + compounding)
  - [ ] Develop 2-3 strategies (diversify, reduce single-strategy risk)
  - [ ] Network with other traders (communities, Twitter, Discord)
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## Stage 3: Advanced Retail (\$50K-250K)

### Duration: 24-48 Months

- [ ] **Focus:** Scale capital, systematize, professional infrastructure
- [ ] **Automate where possible:** Reduce screen time, increase efficiency
- [ ] **Professional setup:** Multi-monitor, software stack, redundancy
- [ ] **Goal:** Approach full-time income level

## Success Metrics

- [ ] **12 months profitability** (long-term consistency)
- [ ] **Sharpe > 1.5, Max DD < 15%** (professional-grade metrics)
- [ ] **Performance:** 5-10% monthly (lower as capital grows, still excellent)
- [ ] **Income:** \$2.5K-\$25K/month (approaching full-time)
- [ ] **Portfolio heat management:** < 8% at all times

## Action Items

- [ ] Build professional infrastructure (4 monitors, backup internet, UPS)
  - [ ] Implement automation (trade alerts, order execution, monitoring)
  - [ ] Optimize taxes (Trader Tax Status, S-Corp if profit > \$75K)
  - [ ] Diversify strategies (trend + mean reversion + breakout = cover regimes)
  - [ ] Build 6-12 month expense buffer (safety net before going full-time)
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## Stage 4: Full-Time Independent (\$250K+)

### Duration: 48+ Months (4+ Years Realistic)

- [ ] **Focus:** Trade full-time (quit job), manage drawdowns, scale carefully
- [ ] **Capital requirement:** \$250K+ for full-time income
- [ ] **Goal:** Support lifestyle from trading alone

## Success Metrics

- [ ] **24 months profitability** (proven long-term edge)
- [ ] **12 months living expenses saved** (safety net)
- [ ] **Performance:** 3-8% monthly (lower risk, higher capital)
- [ ] **Income:** \$7.5K-\$20K+/month (\$90K-\$240K/year)
- [ ] **Sharpe > 1.5, Max DD < 20%**

## Go Full-Time Checklist (ALL Must Be True)

- [ ] **12-24 months consistent profitability** (not 3 good months)
- [ ] **\$100K-\$250K trading capital** (sufficient for income)
- [ ] **12 months expenses saved** (emergency fund)
- [ ] **Spouse/family support** (if applicable)
- [ ] **Health insurance plan** (employer coverage ends)
- [ ] **Tax strategy in place** (CPA, estimated payments, S-Corp)
- [ ] **Comfortable with income variability** (some months -5%, some +15%)



## Income vs. Capital Requirements

### Capital Needed for Target Income

Monthly Income Goal	Required Return	Capital Needed
\$2,000 (side income)	10%	\$20,000
\$5,000 (part-time)	10%	\$50,000

Monthly Income Goal	Required Return	Capital Needed
\$10,000 (full-time)	8%	\$125,000
\$20,000 (comfortable)	8%	\$250,000
\$50,000 (high income)	5%	\$1,000,000

## Reality Check

- [ ] **\$100K+ capital needed for full-time** (at 8-10% monthly)
- [ ] **Returns compress as capital grows** (10% on \$10K easier than 10% on \$500K)
- [ ] **Plan for variability** (some months negative, some +20%)
- [ ] **Taxes reduce net** (40% to taxes = \$20K gross = \$12K net)



## Alternative Career Paths

### Path 1: Prop Trading Firm

- [ ] **Structure:** Firm capital (\$50K-\$500K), keep 50-80% profits
- [ ] **Pros:** No personal capital, large buying power, risk shared
- [ ] **Cons:** Profit split, daily/monthly loss limits, firm rules
- [ ] **Top firms:** SMB Capital, Jane Street, TopstepTrader, FTMO

### Path 2: Hedge Fund / Asset Manager

- [ ] **Structure:** Manage client money, charge 2/20 fees (2% management, 20% performance)
- [ ] **Example:** \$10M AUM, +15% return = \$200K mgmt + \$300K perf = \$500K income

- [ ] **Pros:** Manage large capital, predictable fees, institutional resources
- [ ] **Cons:** Requires track record (2-3 years), regulatory (Series 65, RIA), client management

## Path 3: Trading Educator / Content Creator

- [ ] **Income streams:** Courses (\$500/sale), membership (\$100/mo), YouTube ads, affiliates
- [ ] **Example:** 1,000 members  $\times$  \$100/mo = \$1.2M/year
- [ ] **Pros:** Scalable, lower risk, build audience/brand
- [ ] **Cons:** Must be credible (track record), competitive, time-intensive

## Path 4: Quant Developer / Algo Trader

- [ ] **Role:** Build systematic strategies for firms or self
- [ ] **Salary:** Junior \$100K-\$150K, Mid \$150K-\$300K, Senior \$300K-\$1M+
- [ ] **Pros:** High predictable income, intellectual challenge, no emotional trading
- [ ] **Cons:** Requires programming (Python, stats, ML), competitive hiring, long hours



## Common Pitfalls to Avoid

### Pitfall 1: Quitting Job Too Early

- [ ] **Mistake:** 3 good months  $\rightarrow$  quit job  $\rightarrow$  pressure  $\rightarrow$  blow account
- [ ] **Reality:** Need 12-24 months consistency BEFORE quitting
- [ ] **Safe approach:**
  1. Trade part-time (2-3 years)
  2. Build capital (\$100K+)
  3. Prove consistency (12+ months green)

- 4. Save 12 months expenses
- 5. THEN quit job

## Pitfall 2: Overleveraging Small Accounts

- [ ] **Mistake:** \$5K account, risk 10%/trade to "grow faster"
- [ ] **Result:** 3 losses = -30% = \$3.5K left (hard to recover)
- [ ] **Correct:** Risk 2% max, focus on skill-building (not account growth)

## Pitfall 3: Ignoring Taxes & Expenses

- [ ] **Mistake:** "I made \$100K trading!" (gross, not net)
  - [ ] **Reality:** \$100K - 40% taxes - \$5K software - \$3K commissions = \$57K net (43% gone)
  - [ ] **Plan:** Set aside 40% for taxes quarterly
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## Success Factors (Top 5 Traits)

### What Separates Winners from Losers

- [ ] **Discipline:** Follow plan (no FOMO, no revenge)
- [ ] **Patience:** Wait for A-grade setups (quality > quantity)
- [ ] **Risk management:** Never risk > 2% (survive to compound)
- [ ] **Adaptability:** Adjust to regime changes (don't fight market)
- [ ] **Continuous learning:** Journal, review, improve (never stop)

## The 90/90/90 Rule

- **90% of traders lose 90% of capital in 90 days**
- **Why most fail:**
  1. Overleveraging (risk > 5%)



2. No plan (random entries)
3. No risk management (no stops)
4. Emotional trading (revenge, FOMO)
5. Insufficient capital (can't withstand drawdowns)

## How to Join the 10%

- [ ] Risk 1-2% max per trade
  - [ ] Written trading plan (entry/exit rules)
  - [ ] Always use stops (never hope)
  - [ ] Journal trades (learn from mistakes)
  - [ ] Start with \$10K+ (adequate capital)
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## Pro Tips

## Career Path Mastery

- **3-7 years realistic to full-time** (not 6 months)
- **Capital matters more than skill** (10% on \$10K = \$1K, 5% on \$500K = \$25K)
- **Track record = currency** (3 years green = credibility for prop/hedge fund)
- **Alternative paths exist** (prop, educator, quant = don't force solo trading)

## Monthly Milestones to Track

- [ ] Win rate (target 55-65%)
- [ ] Average R-multiple (target 2.0+)
- [ ] Sharpe ratio (target 1.5+)

- [ ] Max drawdown (target < 15%)
- [ ] Capital growth (deposits + compounding)

## Next Steps by Stage

- **Beginner:** Paper trade 3 months → Go live with \$5K
  - **Consistent:** Build to \$50K → Refine edge → 6 green months
  - **Advanced:** Scale to \$100K-\$250K → Professional setup → 12 green months
  - **Full-time:** Quit job with \$250K+ → 24 months track record → Safety net in place
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## Related Resources

- **Lesson 38:** Portfolio Theory (allocate capital across strategies)
  - **Lesson 40:** Tax Optimization (plan entity structure as you scale)
  - **Lesson 41:** Professional Infrastructure (build as you approach full-time)
  - **Recommended Reading:** Market Wizards, Reminiscences of a Stock Operator, Trading in the Zone
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**Difficulty:** Advanced

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Remember: Trading isn't a get-rich-quick scheme. It's a skill that takes 3-7 years to master. Plan the journey, not just the destination. Most traders fail because they rush. Be patient. Build capital. Prove consistency. Then scale.

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