

Alright, so let's talk about trading for growth vs trading for income.

And I want to prepare a few notes for you because I think it is very important.

Let's actually start with trading for income.

So what does it mean when you are Trading for Income trading for income?

When you're trading for income, it means that your account is pretty big.

And let's say, for example, let's just say \$500,000, right?

So it is already a larger account and all trading profits are taken out of the account to generate income.

Hence the name trading for income.

Let me give you an example.

Let's say that on the \$500,000 account, you would trade the Wheel. One of the trading strategies that I like to trade on larger accounts here.

And the idea here with the Wheel is that you are generating approximately, let's say, 30% per year.

So this would be \$150,000.

So just here, for the sake of our discussion here and to use a little bit round numbers, so this would be approximately \$12,000 per month. I know it's a little bit more because if you divide \$150,000 by 12 months, right? It would be a little bit more than \$12,000, but you get the idea.

So at the end of the month,

Transfer Income

and this is the idea here or at the end of the quarter, doesn't really matter depending on how you want to do this, you transfer any amount that is larger than \$500,000 into your checking account as your income.

So this is the ultimate goal as a trader because this means that now you have brought your account to a decent size and now you're trading for income. So you don't want to grow your account anymore and any excess profits that you're generating, you're transferring out of your account or you can leave it in there depending on what your living expenses are.

Now, again, if you want to make more than \$150,000 a year, there's two ways how to do this.

So what determines how much money you make?

Well, there's two deciding factors here. The first one is obviously your account size. And the second is the percentage, right?

The ROI, return on investment of the trading strategy.

Trading Strategy

Let me give you a few examples here.

For example, the trading strategy, the Wheel that I recommend you trade on larger accounts generates around 30% to 40% per year.

Now, you also know that I love trading the PowerX Strategy and I'm trading it every day.

And when you're trading the PoweX

Strategy, you're looking to generate at least 60%

per year. That is the goal of the strategy, right?

So this is where

choose the strategy that fits your lifestyle and that also fits your goals the best.

Now, before we talk more about what trading for income and how to get there is, for a moment let's talk about trading for growth.

Because if you don't have a \$500,000 account yet or you don't have a million-dollar account, you need to adapt your trading style so that you can grow your account.

You see, the idea here is to really start growing your account until you are at the level where you can trade for income.

So trading for growth, here

Growth Trading

is what you do.

No withdrawals.

All money stays in the account.

So that is very important because if you start with a small account and this is the idea here, and let's say you start with maybe \$10,000 or \$20,000 right?

And now you have to trade it for growth. So how exactly do you do this?

Well, again, first of all, no withdrawals. All the money needs to remain in the account.

And this is where you would use money management to grow your account.

And the money management method that I personally recommend, that I used to grow my accounts

to a decent size, is
the fixed ratio money
management technique.

And I think it's very important that
you understand money management
therefore, I'll do a dedicated video
on this one on how to do this.

Trading Strategies

The important thing is that you use
trading strategies that
support money management.

Now, this is where you'd also use
trading strategies that generate
at least 50%

per year.

So when you're trading for growth,
I highly recommend, I mean, if
I would have to trade for growth,
I would definitely focus on
the PowerX Strategy and the PowerX
Optimizer.

And then, as you know, probably
also the Wheel strategy,
although, as you know, you have a
smaller percentage here.

So let's just summarize
this here of what it means
to trade for income and trade
for growth.

In the life of a trader, there's
two steps.

First, typically, most
traders trade for
growth.

You first want to make sure that you
take your account to a certain level
and then once your account
is at a certain level
this is when you start trading
for income.

At this moment, it makes
sense that you can start taking
money out of your account.

And again, the question is here
of how much money do you
actually need to have in your

account?

And again, the two deciding factors here are your account size and also the ROI of its strategy.

Now I want to give you just two more very specific examples so that you know of how large your trading account needs to be. So your income goal to generate with trading, let's say your income Income Trading Example goal is \$100,000, okay? There we go, and now let's say

\$100,000 per year.

We'll do some larger amount here in just a moment.

So if you have \$100,000 per year and you're using a strategy like the PowerX Strategy that has an ROI of 60%.

Now, the question is, how large does your account need to be so that you can trade for income, transfer the excess capital out of your account, and to your checking account?

Well, this is how it works.

All you need to do at this point is take the \$100,000 that you want to make and divide it by the ROI which is 0.6, right?

An ROI of 60%, you know how I express percent, it's 0.6. So at that moment, it means that you need to have around

\$166,666 in your account, you get the idea. But let me just give you a few other possible scenarios so that you know exactly what strategy to use and also how much money you need in your account.

So let's say that here
you want to make \$100,000
per year, but the ROI
of the strategy is only
30%.

If this is the case again, you use
the formula, we'll use the
\$100,000 divided by the
ROI, which now is
0.3 and you arrive at
\$300,000. So if you have a strategy
that generates 30% per year,
you need to have more money in your
account, right?

This is why it is so important that
you have these two variables,
the account size and
the ROI of the
strategy. There we go.

Let me give you a third example.
How much would you like to make?
Maybe \$200,000

per year? Why not, right?

So if you want to make
\$200,000 per year and
you have a strategy that has an ROI
of 60% in this

case, again, you're taking the
\$200,000 that you want
to make divided by
0.6, the ROI and you
arrive at around

\$333,333. So now it's
up to you. You know how much money
you have in your account and if you
don't have enough money yet
to trade for income, this
means that you're in phase one,
that you're trading for growth.

Again, when trading for growth,
this is when you definitely
need to use money
management to grow your
account. When you're trading for
income, you're no longer,
no money management

needed to grow your account.

All you need to do here is proper position sizing.

Anyhow, again, I know that it's a Outro

little bit dark in the background because I have traveling through Europe right now so it is late at night. But I hope that this helps you to understand what are the main differences between trading for income versus trading for growth.

And that you also now know exactly how much money you need to have in your account based on the trading strategy that you use so that eventually you can trade for income. Because once you are there and start trading for income, this is when the fun starts.

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