Financial Progression Guide

White Belt (< $100k investable assets)

Core Competencies

• Understand the 4 buckets: growth, emergency, cost of living, opportunity.

• Prioritize growth and emergency buckets.

• Minimize cost of living.

• Avoid focusing on the opportunity bucket.

• Minimize shelter costs: rent or have roommates.

• Minimize vehicle costs: bike, used car, or public transportation.

• Learn to increase your means:

• Sell: interview for your first job, negotiate raises or promotions, storytelling.

• Understand investment basics:

• Stocks, bonds, money markets.

• Mutual funds, ETFs.

• Index funds, dividend funds, target date funds.

• Learn market history.

• Understand financial accounts:

• Tax-free, tax-deferred, and taxable accounts.

• Prioritize tax-free accounts.

• Use tax-deferred accounts if earning over $50k.

• Avoid taxable accounts at this stage.

• Portfolio basics:

• Manage temperament with asset allocation (e.g., % in volatile stocks).

• Understand concepts:

• Rule of 72.

• Dollar-cost averaging (DCA) vs. lump-sum investing (LSI).

Books

• The Little Book of Common Sense Investing

• I Will Teach You To Be Rich

• How to Win Friends and Influence People

• Manias, Panics, and Crashes: A History of Financial Crises

Yellow Belt ($100k investable assets)

Core Competencies

• Emergency fund: ensure it is full.

• Growth bucket: focus on consistent contributions.

• Opportunity bucket: begin early planning.

• Shelter costs: assess renting vs. owning.

• Transportation costs: maintain a low-cost vehicle or public transportation.

• Increase income:

• Learn storytelling and negotiation for raises or promotions.

• Explore side hustles and build additional income streams.

• Begin understanding how businesses work:

• Learn the fundamentals of selling products/services.

• Deepen your understanding of marketing strategies.

• Investments:

• Build a portfolio with diversified mutual funds or ETFs.

• Prioritize tax-free accounts.

• Contribute to tax-deferred accounts if earning over $50k.

• Review investment strategies:

• Balance your portfolio regularly.

• Practice discipline to avoid emotional decision-making.

• Financial literacy:

• Learn to interpret financial statements (income statements, cash flow).

• Start reading annual reports of major companies.

Books

• The Psychology of Money

• The Millionaire Next Door

• Rich Dad Poor Dad

Blue Belt ($100k - $250k investable assets)

Core Competencies

• Emergency fund: ensure it is full.

• Growth bucket: focus on consistent growth.

• Opportunity bucket: begin building.

• Continue minimizing costs:

• Rent or have roommates.

• Use affordable transportation (bike, used car, public transport).

• Increase your means:

• Learn to sell: negotiate raises, storytelling, interviewing for new opportunities.

• Deepen understanding of investments:

• Stocks, bonds, money markets.

• Mutual funds, ETFs, index funds, dividend funds, target date funds.

• Market history.

• Financial accounts:

• Continue prioritizing tax-free accounts.

• Use tax-deferred accounts if earning over $50k.

• Avoid taxable accounts.

• Portfolio basics: review and adjust as necessary.

• Core concepts:

• Rule of 72.

• DCA vs. LSI.

• Business knowledge:

• Learn the relationship between businesses and stocks.

• Learn the psychology of influence and marketing.

Books

• Influence: The Psychology of Persuasion

• How to Win Friends and Influence People

• Beating the Street / One Up on Wall Street

Purple Belt ($250k - $500k investable assets)

Core Competencies

• Emergency fund: consider expanding.

• Growth bucket: ensure consistent growth.

• Opportunity bucket: establish fully.

• Cost analysis:

• Owning vs. renting a home (apply 20/30/3 rule).

• Owning vs. leasing vehicles (< 3% of investible assets for depreciating vehicles).

• Continue increasing your means:

• Selling: raise, promotion, storytelling, or interviews.

• Start a side hustle (build traffic/following).

• Investments:

• Stocks, bonds, money markets.

• Mutual funds, ETFs, index funds, dividend funds, target date funds.

• Market history.

• Financial accounts:

• Continue tax-free contributions.

• Use tax-deferred accounts as needed.

• Avoid taxable accounts if possible.

• Portfolio:

• Adjust allocations if needed.

• Manage temperament with asset allocation.

• Financial skills:

• Interpret financial statements (income statement, balance sheet, cash flow statement).

• Read annual reports (e.g., Nike, Coca-Cola, Apple, Disney).

• Core concepts:

• Rule of 72.

• DCA vs. LSI.

Books

• Influence: The Psychology of Persuasion

• Zig Ziglar’s Secrets of Closing the Sale

• Never Split the Difference

• Buffettology

• Freakonomics

Brown Belt ($500k - $999k investable assets)

Core Competencies

• Emergency fund: ensure full or expanded.

• Growth bucket: continue growing.

• Opportunity bucket: expand.

• Analyze costs:

• Owning vs. renting (20/30/3 rule).

• Vehicle costs (< 5% of investable assets for depreciating vehicles).

• Expand means:

• Continue side hustles (build traffic, create a lead magnet, collect emails, communicate off-platform).

• Investments:

• Continue focus on stocks, bonds, mutual funds, ETFs.

• Incorporate taxable accounts if required.

• Portfolio:

• Adjust allocation and strategies.

• Continue managing temperament.

• Deepen business knowledge:

• Learn discounted cash flow (DCF) methods.

• Value businesses.

• Identify risks.

• Explore real estate:

• Understand gross rent, vacancy, expenses, NOI, capital expenditures.

• Apply rules (8x gross, 1%, 50%, backwards rule).

Books

• The Warren Buffett Way

• The Warren Buffett Portfolio

• How to Interpret Financial Statements

• Product Launch Formula

• DotCom Secrets

Black Belt ($1m+ investable assets)

Core Competencies

• Emergency fund: ensure it is full or expanded.

• Growth bucket: maintain consistent growth.

• Opportunity bucket: prioritize and expand.

• Cost efficiency:

• Analyze housing and vehicle costs (< 5% of investable assets for depreciating vehicles).

• Launch strategies:

• Develop KPIs (e.g., open rate, click-through rate).

• Launch products/services (e.g., Seinfeld/Soap Opera sequences).

• Investments:

• Diversify into taxable accounts as required.

• Maintain focus on volatile investments (asset allocation strategies).

• Real estate:

• Learn to find, evaluate, and underwrite rental properties.

• Understand metrics like NOI, depreciation, vacancy, and capital expenditures.

• Business acumen:

• Practice reading financial statements and valuing businesses.

• Refine skills in DCF methods and risk assessment.

Books

• Multi-Family Millions

• Commercial Real Estate 101