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# **Five Essential Keys to Successful Stock Market Investing for Millennial Professionals**

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# Foreword:

## An Introduction to Trevor A. Alexander and the Rationale Behind Investing

Hello and welcome to my guide on the **Five Essential Keys to Successful Stock Market Investing for Millennial Professionals**. I am excited to share with you the knowledge I've acquired over the past decade through my own experiences in the stock market, my pursuit of financial education, and my dedication to assisting hundreds of individuals in mastering straightforward, practical, and time-tested methods for achieving success as investors in their personal finance lives.

Allow me to briefly introduce myself. I am Trevor Alexander, a Virginia native who has held a fascination with the world of money and finance since childhood. My earliest memory dates back to my childhood in Chesapeake, Virginia, when my Uncle Jimmy visited town one day, he recognized my love for math and numbers, so he engaged me in a **conversation one day about compound interest**.



This conversation led me to realize at a simple level how banks work. By lending and borrowing money from everyday Americans. **With this exciting information, I decided to create a "bank" under my mattress.** I reached out to my four siblings and two parents, requesting their spare change and small dollars, promising them returns higher than their initial deposits. I would move around their money and provide interest on each of their accounts. This early memory marks the beginning of my passion for finance and economics.

Since those years, my journey has led me to attain multiple business degrees, work at the largest bank in the United States, and establish my financial education and planning firm, **SNS Wealth, also known as SAVE & SIP.** Our mission revolves around empowering individuals to comprehend their financial lives and to effectively build, understand, and protect their wealth.

### **Why Invest in the Stock Market?**

Investing in the stock market, to me, has always represented a logical choice. As I neared the end of my undergraduate studies at Old Dominion University in Norfolk, Virginia, I, like many college students, sought ways to translate my knowledge into opportunities for



financial growth. Even before securing a full-time job, I thought about what to do with my future earnings. It was during this period that I discovered a profound truth: **any American has the potential to become an owner in the very companies where they spend their hard-earned income daily.** This insight ignited a spark within me, and I eagerly joined the ranks of stock market investors.

I began by studying the businesses I frequently shopped at, the sports and events I cherished, and the products I used in my daily life. I went on a journey to determine whether these companies were publicly traded on the American stock market and, if so, how well they were doing?

**My philosophy as an early investor from a decade ago remains the same:** It is perfectly acceptable to be a *consumer* of products and services, we all have to buy things, but it is far more advantageous to be ***both a consumer and an owner.*** I recognized that I would be continually spending money and paying bills throughout my life. Therefore, it made perfect sense to acquire a



stake in the very companies that would receive a portion of my earnings for the rest of my life.

Simplicity has always been my ally, guiding me through life with clarity and minimal guesswork. I firmly believe that the opportunity of investing in the American stock market is one that should be seriously considered by every hardworking individual in our nation who plays a role in the growth of our economy through their labor and innovative ideas. For those truly committed to growing their wealth through a proven method, the stock market presents an exceptional choice.

With this foundation in mind, let's dive directly into the **Five Essential Keys** lead to triumphant stock market investing for millennial professionals.



# Key 1: Prioritize Your Savings Rate Before Investing

The first key is to understand your **“savings rate” before going on your stock market investment journey.** It's an unfortunate reality that Americans have developed a reputation for bad saving habits. In a world characterized by growing expenses, persistent inflation, and never-ending bills, a mindset shift in how we perceive savings becomes important.

Lets start by considering the conventional approach for most people—1) Work a job to earn income, 2) cover essential expenses like housing, food, transportation, 3) spend extra money on things they want, 4) use credit to buy additional things, 5) **and then FINALLY attempt to save whatever dollars remain**—this system is flawed and will not work. It does not serve anyone well who wants to build wealth.

Instead, let's contemplate an different approach. **Start by calculating your gross income, simply, how much do you make per year?**



Now, let's determine the *percentage of this income you are willing to commit to savings/investing*. This is extremely important to consider first, the savings rate in our country on average is around 3-5%.

**I advocate for you to set aside 15-20% of your gross income to savings.** While this might initially appear very high, yes it is, that is exactly the point, and let's agree together now that the goal is **not to settle for mediocrity or financial weakness**. Rather, it's about building assets and working towards a level of flexibility.

If allocating 15-20% is challenging, I understand!! **What's most important is to first understand your current savings rate.** You must be brutally honest. To boost your savings rate, you have two choices. You can either increase your income or reduce your expenses. If you find it challenging to save as much as you desire based on your income, contemplate investing in your education, acquiring new skills, or pursuing certifications that can amplify your earning capacity first. In situations where reducing your expenses is the problem, start by examining your lifestyle and spending patterns prior to considering your investment strategies.





## Key 2: Establish Your Investment Accounts

Great, now that you have considered what your savings rate is, this gives you a ballpark range of how much you can actually invest. For example, if you make \$90,000 per year, and you are currently saving 4% of your money that means you are saving \$3,600 per year. If your new **savings rate goal is 15% of your gross income**, this means you are going to need a system to save/invest **\$13,5000 per year (15%)**. Your investment strategy should remain flexibility while continuing to function as a guiding light.

Ok, so now that we have a savings goal, lets actually put it to work in the stock market. *It's important to recognize that all stock market investments must be placed in specific types of accounts.* Here are some commonplace options:

1. Taxable brokerage account
2. 401(k)



3. 403(b)
4. Thrift Savings Plan (Military/ DOD)
5. 457(b)
6. UTMA account (For Minors)
7. Joint brokerage account (For friends, couples, groups)
8. Roth IRA
9. Traditional IRA
10. Self-directed IRA

The selection of accounts is based upon your unique goals. Consider an example: If your annual salary is \$100,000, and you aspire to have a savings rate of 20% of this income (\$20,000), a great first step is to start by exploring the accounts offered at your job. *If you do not have a plan offered by your job, do not worry, keep reading along.* Let's say your employer provides a 401(k) plan, you could decide to direct \$10,000 annually into this 401(k), with the money taken directly from your paycheck. **This simple action moves you 50% towards your annual savings/investment target of \$20,000.**



For the remaining \$10,000 you want to save/invest, consider the different options of a taxable brokerage account. This flexible account permits you to purchase stocks, you can commit to transferring \$500 per month or \$6,000 annually into it. Finally, to complete your objective of a 20% investment rate, you can send \$4,000 to an Individual Retirement Account (IRA) over the year as well.

**This plan ensures precise direction of our funds before they even reach your possession—an essential key in maintaining financial discipline. Every dollar should have a job and the directions should happen automatically.**

It's important to recognize that individual financial circumstances vary significantly. Thus, the selection of accounts should align with your specific financial data and objectives. However, as a broad guideline, I've observed that for most professionals earning under \$140,000 annually will do fine with an investment account through work, an IRA, and a taxable brokerage account.



## Key 3: Make Informed Investment Choices

Now that your *accounts* are in place, it's time to think about your *investment options inside of the accounts*. A fundamental principle I have followed, both in the past and today, is to invest in businesses and industries you comprehend. As I mentioned earlier, I started my investing journey by targeting companies whose products and services I was familiar with due to personal usage (**Chipotle, Nike, Louis Vuitton, Home Depot, Microsoft, Amazon, Apple**). This approach remains sound. The clues and recommendations from your everyday life—whether in your home, your car, or the conversations of those around you—often point to products and services that provide genuine value. There are 4000 companies on the market, there's a great chance you are using many of them.

By conducting a quick online search, you can uncover the financial metrics, profitability, and stock price performance of these companies. **This is what it means to be a publicly traded stock, all of the company information is available to the PUBLIC.** This research will



shed light on whether these firms are thriving or encountering difficulties in the stock market.

In addition to the products and services you use every day, consider the companies where you are employed. My professional experiences at Lockheed Martin, HP, and JP Morgan Chase prompted me to recognize the benefit of investing in large Fortune 500 corporations. My ownership in these firms deepened my sense of involvement in their success—when they prospered, so did I. While this perspective may appear selfish, it underscores the connection between an employee's commitment and their stake in the company's future.

**Whether you serve as a cook at McDonald's, a Walmart manager, a retail associate at Nike, or a supply chain consultant at Louis Vuitton, you possess the ability to acquire ownership in the very businesses you labor for, day in and day out.**

Another avenue to explore is passive investing, which does not require you to spend time on choosing individual company stocks, this an approach that can be particularly logical for many people. If you lack the desire



to dedicate hours each month to active trading, doing research, and staying up to date of market dynamics, **then passive investing provides an attractive alternative that performs just as well.** The concept is simple: establish an investment and let it evolve over time with minimal intervention. There are now more accessible options than ever before.

A form of passive investing is to consider the S&P 500, an index that automatically allocates your money to the 500 largest American companies spanning diverse industries such as healthcare, technology, construction, energy, and real estate. Alternatively, you can opt for sector-specific exchange traded funds (ETFs) that align with your area of expertise. For instance, my background in technology leads me to invest in technology-focused ETFs like QQQ, which is one investment that has all tech companies inside of it. While my wife's expertise in healthcare steers her towards healthcare-focused ETFs like FDHT (Fidelity Digital Health).



## Key 4: Consistency and Treat Investing as an Obligation

Treat your investments as an obligation, similar to recurring bills like rent or mortgage payments. Regular contributions to your accounts are one of the most important long-term tactics for success in the stock market.

Early in my investing journey at age 23. I sought guidance from a financial advisor I had the privilege of meeting in Springfield, Virginia, I had a lot of questions and wanted someone to be honest – he was the perfect person. During our conversation, he gave a profound piece of advice: he said to me **“Trevor, select a specific day each month for your investments.”** I expressed my preference would be the 11th of the month, he wholeheartedly encouraged the choice. **With a level of seriousness, he urged me to continue investing on this date for as long as humanly possible, even if our paths never crossed again.**

It was as though he genuinely cared about ensuring that I grasped the importance of this knowledge. As a result, once I made this choice investing evolved into a non-negotiable financial obligation for me. I cannot fathom a



month without making my designated investment, regardless of how much. I must stress that this doesn't necessitate committing to a fixed amount each month. **Flexibility is key.** The fundamental goal is to **invest as much as you can consistently every month.** This monthly amount may fluctuate, based on your situation, what I see most common is to set a goal ranging from \$50 to \$5,000 monthly.

I firmly believe that those who demonstrate prudence with small amounts can be entrusted with larger sums. It's a principle deeply ingrained in the notion of financial stewardship. Consider, for a moment, the numerous financial obligations competing for your income— mortgage payments, cell phone bills, utilities, vacations, food, emergencies, family, and an basket of other expenses. They demand your attention and monetary resources every month without fail. In such a context, it is only logical to hold yourself to the same standard, ensuring that you prioritize your financial future.





## **A Quick Note: Lump Sum vs. Dollar-Cost Averaging (DCA) vs. Hybrid**

In considering your strategy of investing, you must decide whether to invest a lump sum all at once every year, or follow a dollar-cost averaging strategy, which means investing a fixed amount at regular intervals ex. \$400 per month. The third option is to adopt a hybrid approach that combines both methods. The choice is based on your level of flexibility and cash flow.

Personally, I favor the hybrid approach. It works by designating a specific date each month for consistent investments while also seizing opportunities to transfer money into my investments whenever I am able to. This hybrid approach offers consistency and flexibility, the best of both worlds.



## Key 5: Commit to Sustaining Compound Interest

Once you begin your investment journey, make a vow to never cease. Allow compound interest to work its magic over time. The longer your investments remain untouched, the more potential they possess to flourish.

**Albert Einstein deemed compound interest the "8th Wonder of the World."** Those who comprehend it stand to gain from it, while those who neglect it end up paying the price. Consider this, have you ever attempted to pay down your credit card balance, only to witness the balance barely diminish? You've encountered the unforgiving nature of compound interest—a phenomenon that can work against you.

Imagine, for a moment, if you have a \$100,000 credit card debt with a 20% annual interest rate. After one year, your interest alone would accumulate to a staggering \$20,000, bringing your new amount due to \$120,000. The needle barely moves, and the burden persists. Trust me, I know what that feels like. **Which is why I encourage you**



**to experience the opposite effect and have compound interest also work for you, not just for the banks.**

A key goal with compound interest is to avoid tapping into your investments unless it is an absolute last resort. Multiple options exist for accessing cash from your investments without resorting to selling them. Since your investments retain their value, you can secure loans against retirement accounts or taxable brokerage accounts, often receiving up to 50% of your portfolio's value in cash when needed. Meanwhile, you maintain your holdings at their existing prices. This ability is a remarkable advantage accessible to American investors. By remaining committed to compounding interest, you ensure the continual growth of your financial snowball, free from interruptions.

Consider the hypothetical scenario of an individual who invested in Apple stock during the 1980s and held onto the stock until 2005. At that point, they would have enjoyed a substantial return on their investment and likely been a millionaire if they invested enough. However, envision if that person extended their commitment, allowing their investment to continue until



today, when Apple stands as one of the most substantial and prosperous investments in history. Their wealth would have soared to even greater heights.

**It is reasonable to consider when the ideal moment arrives to sell your investments and reap the rewards of your investments.** This question is important, and it is one that everyone should contemplate and is entirely based on your personal goals and when you predict that you will really need the money. **Money is meant to also be enjoyed.**

This guide to successful stock market investing **primarily addresses the accumulation phase of our financial journey**—focused on **amassing assets to the best of our ability**. The next phase of life, the distribution phase, happens when you are prepared to begin utilizing these assets. During this phase, you convert your assets and portfolio value into income through various methods, such as loans, bond payments, real estate, or strategic liquidation.



This phase of life is years away, for now, to millennial investors – focus on accumulation, you have a lot of time until you need to worry about how to actually spend the money. You can still continue to live and enjoy your daily life today, while creating a snowball of wealth to accumulate for the future.



# Conclusion

In conclusion, the **Five Keys to Successful Stock Market Investing for Millennial Professionals** outlined in this guide offer a solid framework for achieving financial success.

**Let's recap all five steps.**

- 1. Prioritize your savings rate.**
- 2. Setup the appropriate investment accounts.**
- 3. Make informed investment choices.**
- 4. Establish consistency in your system.**
- 5. Remain dedicated to compounding interest.**

By adhering to these principles, you can work toward establishing a more secure financial future.

I trust that this guide has imparted valuable insights. Remember that there are diverse paths leading to the same destination, and your unique journey requires personalization.



**Should you seek further guidance or wish to collaborate, please visit [www.snswealth.co](http://www.snswealth.co) for an individual consultation.**

Throughout your wealth journey, always remain open to learning and stay updated on investment opportunities. These principles serve as a timeless framework that has withstood the test of generations.

Thank you for your continued support. Continue to dedicate time to both your education, **and most importantly execution.**

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