THE MONEY RULES - BEFORE ANY TRADE

Vajgrt Labs - Education - Lesson 4 of 72 - 6 min read - Updated Oct 21, 2026

TL;DR

- Emergency fund first: the SEC’s guidance points to savings of up to six months of income, kept separate from any trading money.

- High-interest debt before trading, always: at the SEC’s worked example of an 18% card rate, no strategy reliably pays as well as clearing the debt.

- "Afford to lose" is not a feeling - it’s a written dollar figure whose total loss changes nothing about housing, bills, debt, or sleep.

THE TAKEAWAYS

- Prerequisite 1 - an emergency fund of 3-6 months of essential expenses (the SEC’s example goes up to six months of income), in plain savings, never in the brokerage account.

- Prerequisite 2 - no revolving high-interest debt carried while learning to trade. The SEC’s example rate is 18%: beating that, reliably, after costs, is not a beginner plan.

- Prerequisite 3 - capture the full employer retirement match first. It’s an immediate 100% return on that contribution; no trade in this course promises anything like it.

- Prerequisite 4 - trading capital defined as a written dollar figure. Total loss of that figure changes nothing about housing, bills, debt, or sleep. If no such figure exists yet, the honest figure is $0 - and paper trading (Stage 4) is free.

- Prerequisite 5 - costs understood as a hurdle: spreads, fees and taxes are paid on every trade, win or lose. (Recall SEBI: losers paid an extra 57% of their losses in costs.)

RULE: No bulkheads, no trading. The five prerequisites get signed off in writing before real money - self-certified, honestly, at Lesson 7’s gate.

COMMON MISTAKES

- Keeping the emergency fund in the brokerage account "so it’s ready." Ready money gets traded; separate accounts are the bulkhead.

- Treating "afford to lose" as a vibe. If it isn’t a written figure, it isn’t defined.

- Capturing only part of the employer match while funding a trading account - declining a 100% instant return to chase an uncertain one.

- Counting a credit line, or a refund that hasn’t arrived, as trading capital.

DO IT - YOUR SELF-CERTIFICATION

Download the Money-Readiness Worksheet (Downloads, below) and fill in your own five lines - honestly and privately; nobody collects it. Keep the signed page. Lesson 7’s gate asks you to certify it, or to take the exit. If a line fails, your first "trade plan" is fixing that line - that’s progress in this course, not a delay.

Education only - not financial advice. Options involve substantial risk of loss. Statistics are quoted with their source, population and period, per the course’s stats canon. Vajgrt Labs - Education.