

## CASH SECURED PUTS

---

Covered Calls'  
Companion





DISCLAIMER: The intent of this presentation is to help expand your financial education. Although the information included may be relevant to your particular situation, it's not meant to be personalized advice. When it comes to investing, insurance, and financial planning, it's important to speak to a professional and get advice that is tailored to your unique, individual situation. All investments involve risk including possible loss of principal. Please see our Performance Discussion and Owner's Manual; they are an important part of this discussion.

# Thanks for joining us!

[www.SniderAdvisors.com/AllyBonus](http://www.SniderAdvisors.com/AllyBonus)



## PRESENTATION SLIDES

- ✓ Immediate download of today's slides

## ONLINE COURSE

- ✓ Option Basics
- ✓ Understanding Option Pricing
- ✓ Managing your Emotions

## COVERED CALL SCREENER

- ✓ Access to Snider Advisors' free Covered Call Screener



Snider Advisors is a boutique, registered investment advisor, based in Dallas, Texas. Helping our clients strive to be better investors has been priority number one since we opened our doors in September of 2002.



[www.SniderAdvisors.com/AllyBonus](http://www.SniderAdvisors.com/AllyBonus)



[www.SniderAdvisors.com](http://www.SniderAdvisors.com)



888-6-SNIDER (888-676-4337)



[support@snideradvisors.com](mailto:support@snideradvisors.com)



A long-term strategy that uses a combination of stocks, covered calls and cash-secured puts, and cash management techniques in a uniquely powerful way in an effort to **generate portfolio income.**

# YOUR 2-MINUTE OPTION PRIMER

An option is a **contract** (1 contract represents 100 shares) **to buy or sell** an **underlying asset** at a specified price (the **strike price**) on or before a specified date (the **expiration date**).

**CALL**

**PUT**

# YOUR 2-MINUTE OPTION PRIMER

An option is a **contract** (1 contract represents 100 shares) **to buy or sell** an **underlying asset** at a specified price (the **strike price**) on or before a specified date (the **expiration date**).

	CALL	PUT
BUY		
SELL		

# YOUR 2-MINUTE OPTION PRIMER

An option is a **contract** (1 contract represents 100 shares) **to buy or sell** an **underlying asset** at a specified price (the **strike price**) on or before a specified date (the **expiration date**).

	<b>BUYERS have RIGHTS</b> <b>SELLERS have OBLIGATIONS</b>	<b>PUT</b>
<b>BUY</b>	Right to Buy	Right to Sell
<b>SELL</b>		

# YOUR 2-MINUTE OPTION PRIMER

An option is a **contract** (1 contract represents 100 shares) **to buy or sell** an **underlying asset** at a specified price (the **strike price**) on or before a specified date (the **expiration date**).

		BUYERS have RIGHTS SELLERS have OBLIGATIONS		PUT
		BUY	SELL	
	Right to Buy	Obligated to Sell	Right to Sell	
	Obligated to Buy	Obligated to Buy		

# YOUR 2-MINUTE OPTION PRIMER

An option is a **contract** (1 contract represents 100 shares) **to buy or sell** an **underlying asset** at a specified price (the **strike price**) on or before a specified date (the **expiration date**).

	<b>BUYERS have RIGHTS SELLERS have OBLIGATIONS</b>	<b>PUT</b>	<b>PREMIUM</b>
<b>BUY</b>	Right to Buy	Right to Sell	Pays
<b>SELL</b>	Obligated to Sell	Obligated to Buy	Earns

## Cash Secured Put

ANATOMY

You SELL a put

You set aside CASH for  
stock purchase

You're obligated to  
**BUY SHARES** at the strike  
price on or before the  
expiration date.

You receive **OPTION  
PREMIUM**, which you get  
to keep, regardless of the  
expiration outcome.

# EXAMPLE: STEPS

- 1 Select the Stock
- 2 Select the Expiration Date
- 3 Select the Strike Price
- 4 Place the Trade
- 5 Expiration Outcomes

# EXAMPLE: STOCK SELECTION



# EXAMPLE: EXPIRATION



Date:  
September 5, 2017

## Ally Invest | Options

### ▼ OPTION CHAIN

Selected Strike Range:



Expiration Dates (1) ▼

- Oct 2017-45 Days
- Dec 15 2017-101 Days
- Jan 19 2018-136 Days
- Mar 16 2018- 88 Days

Oct 20 2017 – 45 Days				CALLS				XYZ @ 57.92				PUTS				
	IV	DELTA	OPEN INT	VOL	LAST	BID	ASK	STRIKE PRICE	BID	ASK	LAST	VOL				
<input type="checkbox"/>	82.70	0.879	11	0	13.14	12.40	14.40	45.00	0.05	0.25	0.22	0				
<input type="checkbox"/>	62.39	0.812	132	0	7.45	7.90	9.40	50.00	0.40	0.65	0.95	0	163	-0.130	46.84	<input type="checkbox"/>
<input type="checkbox"/>	47.12	0.656	262	2	4.40	4.20	4.60	55.00	1.95	2.10	2.05	43	237	-0.339	45.19	<input type="checkbox"/>
<input type="checkbox"/>	44.75	0.392	1,023	131	1.85	1.75	2.00	60.00	4.10	4.40	4.25	15	156	-0.614	42.89	<input type="checkbox"/>
<input type="checkbox"/>	45.25	0.185	549	0	0.96	0.60	0.80	65.00	7.80	8.30	0.00	0	0	-0.836	41.91	<input type="checkbox"/>
<input type="checkbox"/>	45.68	0.072	62	0	0.28	0.15	0.30	65.00	11.00	12.90	0.00	0	0	-0.946	41.92	<input type="checkbox"/>

# EXAMPLE: OPTION CHAIN



Date:  
September 5, 2017

## Ally Invest | Options ⚙️

### ▼ OPTION CHAIN

Selected Strike Range:



Expiration Dates (1) ▼

**BID PRICE**

Oct 20 2017 – 45 Days

CALLS

XYZ @ 57.92

PUTS

	IV	DELTA	OPEN INT	VOL	LAST	BID	ASK	STRIKE PRICE	BID	ASK	LAST	VOL	OPEN INT	DELTA	IV	
<input type="checkbox"/>	82.70	0.879	11	0	13.14	12.40	14.40	45.00	0.05	0.25	0.22	0	86	-0.041	52.35	<input type="checkbox"/>
<input type="checkbox"/>	62.39	0.812	132	0	7.45	7.90	9.40	50.00	0.40	0.65	0.95	0	163	-0.130	46.84	<input type="checkbox"/>
<input type="checkbox"/>	47.12	0.656	262	2	4.40	4.20	4.60	55.00	1.95	2.10					5.19	<input type="checkbox"/>
<input type="checkbox"/>	44.75	0.392	1,023	131	1.85	1.75	2.00	60.00	4.10	4.40					2.89	<input type="checkbox"/>
<input type="checkbox"/>	45.25	0.185	549	0	0.96	0.60	0.80	65.00	7.80	8.30	0.00	0	0	-0.836	41.91	<input type="checkbox"/>
<input type="checkbox"/>	45.68	0.072	62	0	0.28	0.15	0.30	65.00	11.00	12.90	0.00	0	0	-0.946	41.92	<input type="checkbox"/>

**STRIKE PRICES**

# EXAMPLE: STRIKE PRICE

*Put Strike Price: 95% Value of Stock Price*

Ally Invest | Options 

▼ OPTION CHAIN

Oct 20 2017 - 45 Days			CALLS					XYZ @ 57.92	PUTS							
	IV	DELTA	OPEN INT	VOL	LAST	BID	ASK	STRIKE PRICE	BID	ASK	LAST	1 OPTION CONTRACT = 100 SHARES				
<input type="checkbox"/>	82.70	0.879	11	0	13.14	12.40	14.40	45.00	0.05	0.25	0.22				<input type="checkbox"/>	
<input type="checkbox"/>	62.39	0.812	132	0	7.45	7.90	9.40	50.00	0.40	0.65	0.95	0	163	-0.130	46.84	<input type="checkbox"/>
<input type="checkbox"/>	47.12	0.656	262	2	4.40	4.00	4.40	55.00	1.95	2.20	2.20	43	237	-0.339	45.19	<input type="checkbox"/>
<input type="checkbox"/>	44.75	0.392	1,023	131	1.85	1.75	2.00	60.00	4.10	4.40	4.25	15	156	-0.614	42.89	<input type="checkbox"/>
<input type="checkbox"/>	45.25	0.185	549	0	0.96	0.60	0.80	65.00	7.80	8.30	0.00	0	0	-0.836	41.91	<input type="checkbox"/>
<input type="checkbox"/>	45.68	0.072	62	0	0.28	0.15	0.30	65.00	11.00	12.90	0.00	0	0	-0.946	41.92	<input type="checkbox"/>

$\$57.92 \times 95\% = \$55.02$

$\$1.95 \times 100 = \$195$

# EXAMPLE: PLACE THE TRADE

## Sell to Open 1 October 55 Put

**1 OPTION CONTRACT = 100 SHARES**

**SELL TO OPEN**

**QUOTE**

XYZ

**TRADE**

STOCK **OPTIONS** MUTUAL FUNDS

Action	QTY	Expiration	Strike	Type	Bid	Ask
Sell To Open	1	Oct 20 2017	55.00	PUT	1.95	2.10

+ Add Stock + Add Option

**ORDER SUMMARY**

**Cash-Secured Put**  
SELL TO OPEN 1 contract of XYZ Oct 20 2017 55.00 PUT at the Market, Good for the day.

Bid (natural)	Mid	Ask
1.95	2.05	2.10

Real Time Quote as of

Account:

**Preview Order**

Clear

**MY ACCOUNTS**

Cash Available For Investment Total Account Value

Order Type: Market Duration: Day

Commission: \$5.60

## Cash Secured Put

### ANATOMY

Sell 1 October \$55 put

Set aside \$5,500 for purchase

You're obligated to  
**BUY 100 SHARES** at **\$55** each  
on or before  
**October 20, 2017.**

You receive **\$189.40** in  
option premium.  
( $1.95 \times 100 - \$5.60$ ).

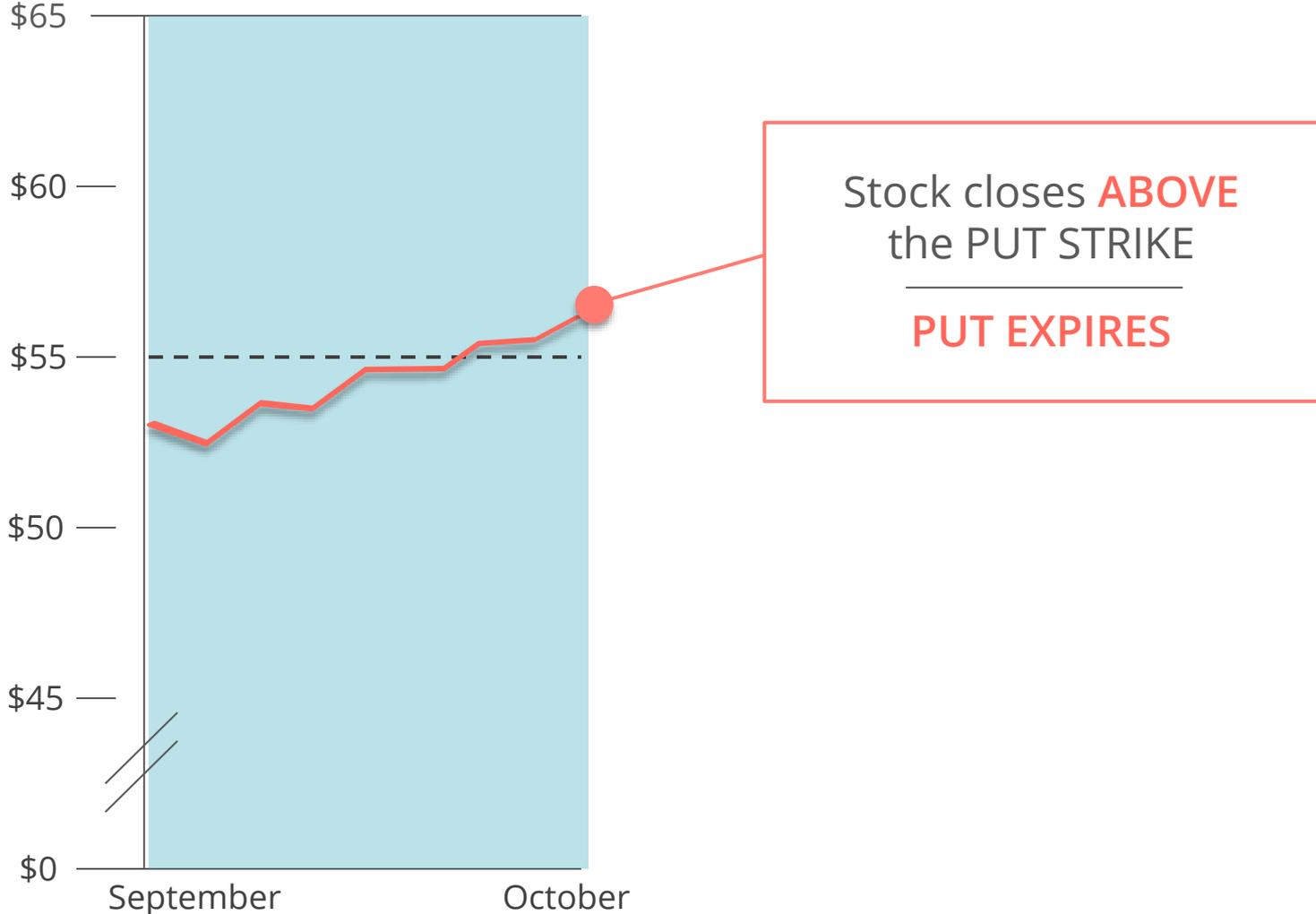


WHEN ARE YOU PAID FOR  
THE OPTIONS YOU SELL?

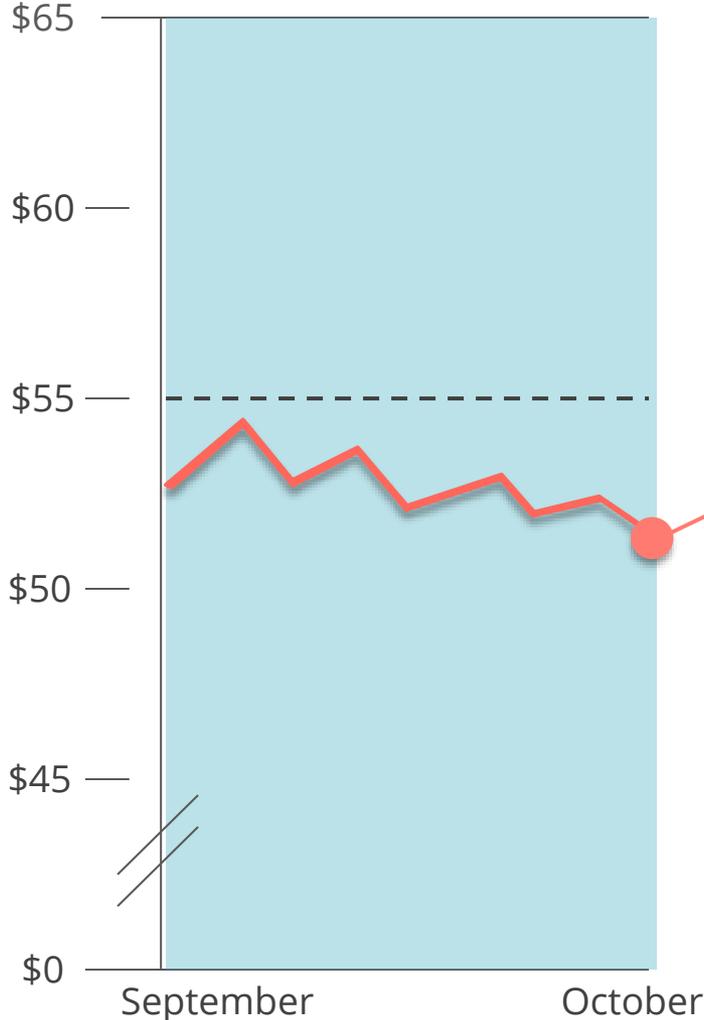
*When you sell them.*

Option Expiration is typically the third Friday of the month.

# EXAMPLE: EXPIRATION



# EXAMPLE: EXPIRATION



Stock closes **BELOW**  
the PUT STRIKE  

---

**PUT IS EXERCISED**  
**BUY** 100 shares at \$55

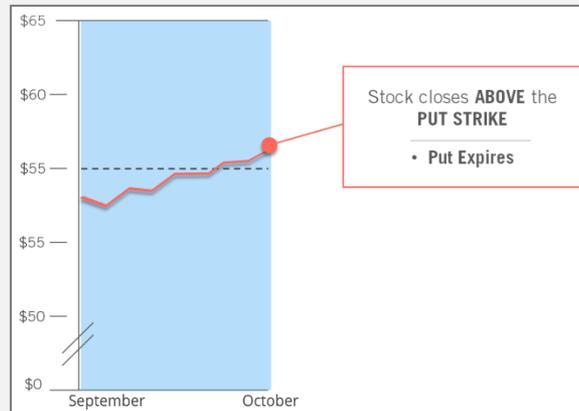
# YOUR 2-MINUTE OPTION PRIMER

An option is a **contract** (1 contract represents 100 shares) **to buy or sell** an **underlying asset** at a specified price (the **strike price**) on or before a specified date (the **expiration date**).

	<b>CALL</b>	<b>PUT</b>	<b>PREMIUM</b>
<b>BUY</b>	Right to Buy	Right to Sell	Pays
<b>SELL</b>	Obligated to Sell	Obligated to Buy	Earns

# MOVING FORWARD...

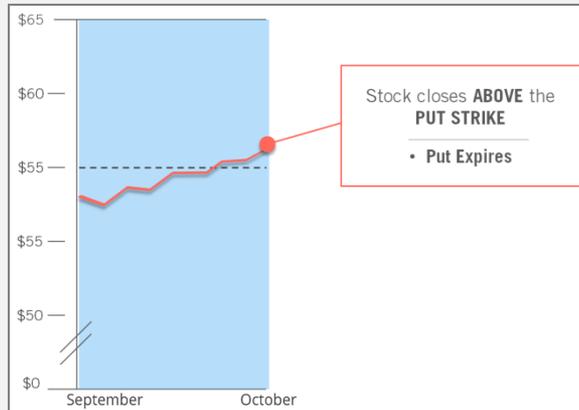
## Put Expires



Moving Forward:  
Sell Cash Secured Put

# MOVING FORWARD...

## Put Expires



Moving Forward:  
Sell Cash Secured Put

## Put is Assigned



Moving Forward:  
Sell Covered Call



A long-term strategy that uses a combination of stocks, **covered calls and cash-secured puts**, and cash management techniques in a uniquely powerful way in an effort to generate portfolio income.

# EXAMPLE: SNIDER METHOD

Buy 100 shares of JAM at \$44.55 each

Ally Invest | Trading 

### QUOTE

JAM 

Last Price 44.50  
Change + 0.20 (0.45%)  
Bid 44.45  
Ask 44.55  
Size 2 x 2  
Volume 84,559

### TRADE TICKET

STOCK OPTIONS MUTUAL FUNDS

Buy Sell Buy to Cover Sell Short

Quantity  
100 - +

Market Limit Stop Stop Limit Trailing Stop Market On Close

Duration Day 

### ORDER SUMMARY

BUY 100 shares of JAM at the Market, Good for the day.

Bid 44.45 Ask 44.55

Account:

**Preview Order**

Clear

### MY ACCOUNTS

Cash Available For Investment Total Account Value

Commission: \$4.95

# EXAMPLE: SNIDER METHOD

Ally Invest | Trading

### QUOTE

JAM

Last Price: 44.50  
Change: +0.20 (0.45%)  
Bid: 44.45  
Ask: 44.55  
Size: 1 x 2  
Volume: 84,660

### MY ACCOUNTS

[Dropdown]

**COVERED CALL:**  
Sell to Open  
1 October  
\$45 Call

Obligated to SELL  
100 JAM shares at  
\$45 each

Action	QTY	Expiration	Strike	Type	Bid	Ask	
Sell To Open	1	Oct 20 2017	45.00	CALL	1.45	1.90	X
Sell To Open	1	Oct 20 2017	42.00	PUT	0.60	0.90	X

**CASH SECURED PUT:**  
Sell to Open  
1 October  
\$42.50 Put

Obligated to BUY  
100 JAM shares at  
\$42.00 each

Net Bid (natural)	Net Mid	Net Ask
2.05 CR	2.43 CR	2.80 CR

### ORDER SUMMARY

**Short Strangle**  
**SELL TO OPEN** 1 contract of JAM Oct 20 2017 45.00 CALL at the Market, Good for the day.

**SELL TO OPEN** 1 contract of JAM Oct 20 2017 42.00 PUT at the Market, Good for the day.

Account: [Input]

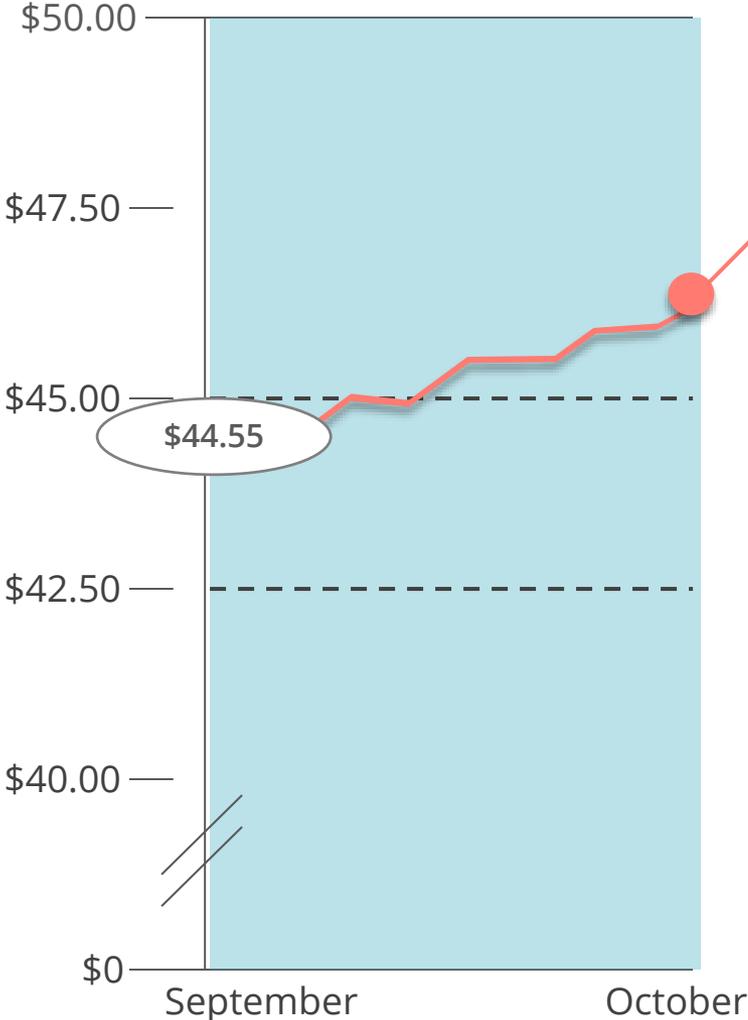
**Preview Order**

Clear

Market [Dropdown] Day [Dropdown]

Commission: \$6.25

# EXAMPLE: EXPIRATION

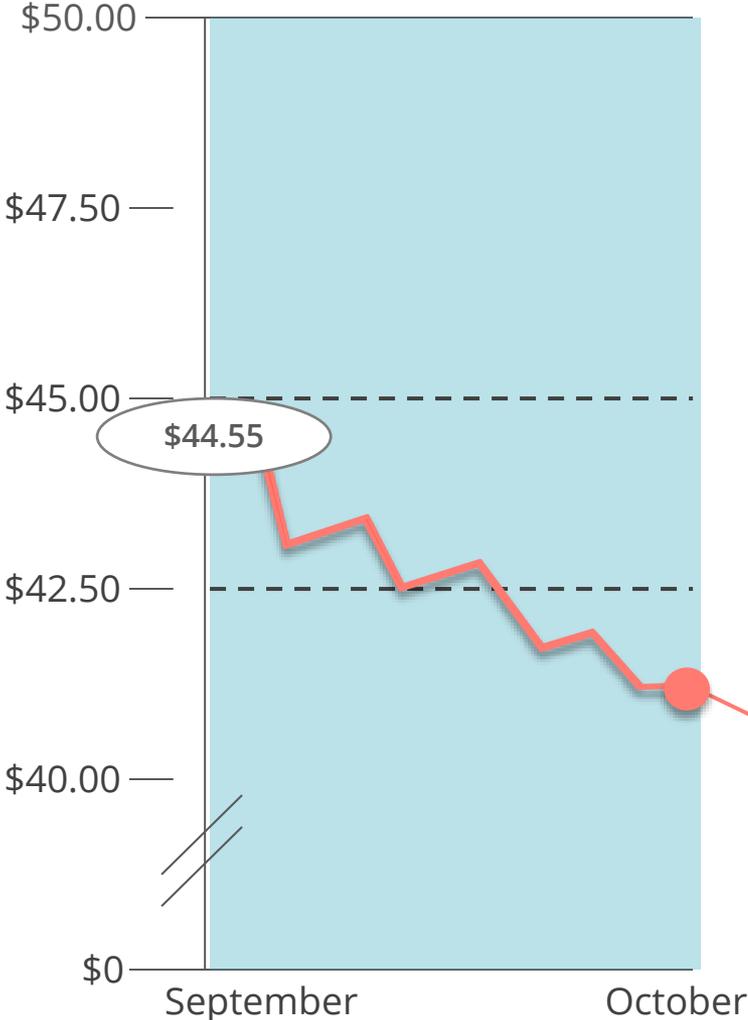


Stock closes **ABOVE** the **CALL STRIKE**

---

- Call is Exercised
- **SELL** 100 Shares of JAM at \$45
- Put Expires

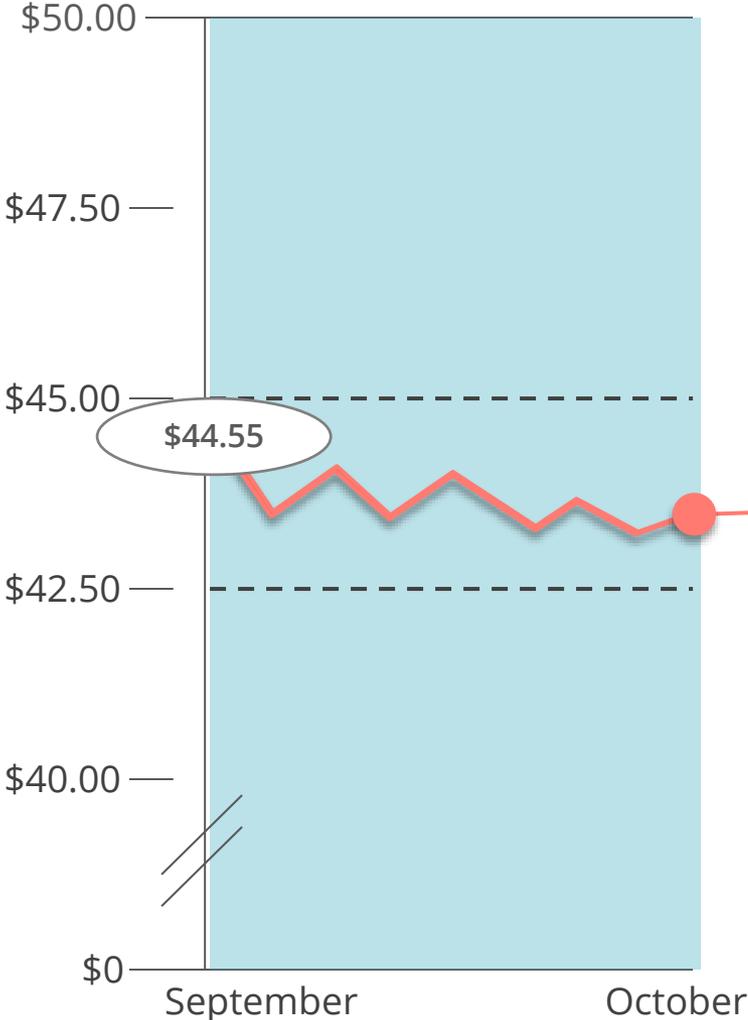
# EXAMPLE: EXPIRATION



Stock closes **BELOW** the **PUT STRIKE**

- Put is Exercised
- **BUY** 100 Shares of JAM at \$42
- Call Expires

# EXAMPLE: EXPIRATION



Stock closes **BETWEEN**  
the **CALL** and **PUT STRIKE**

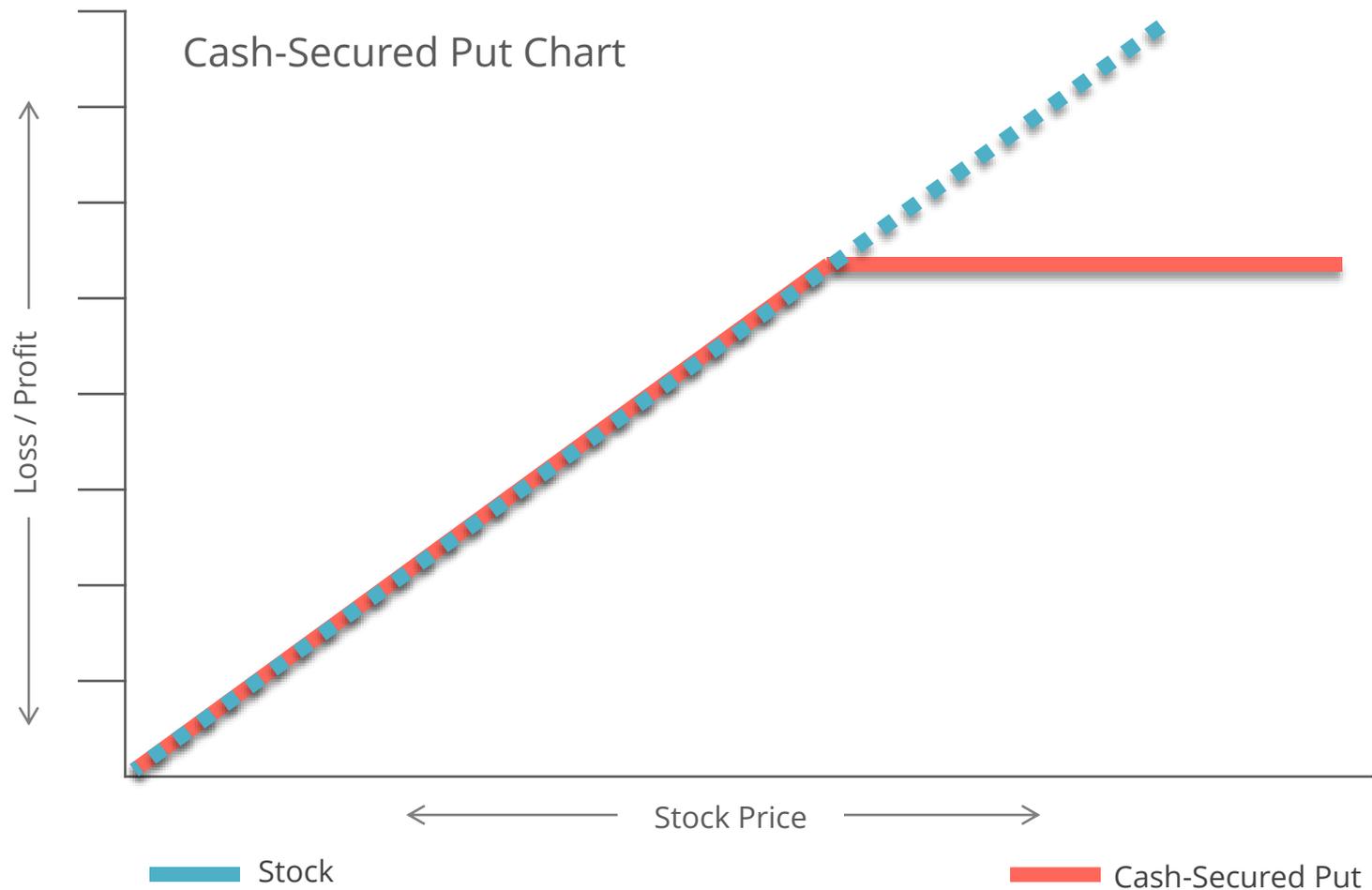
---

- Call Expires
- Put Expires

# CASH-SECURED PUT OVERVIEW



# CASH-SECURED PUT OVERVIEW







DISCLAIMER: The intent of this presentation is to help expand your financial education. Although the information included may be relevant to your particular situation, it's not meant to be personalized advice. When it comes to investing, insurance, and financial planning, it's important to speak to a professional and get advice that is tailored to your unique, individual situation. All investments involve risk including possible loss of principal. Please see our Performance Discussion and Owner's Manual; they are an important part of this discussion.

# Thanks for joining us!

[www.SniderAdvisors.com/AllyBonus](http://www.SniderAdvisors.com/AllyBonus)



## PRESENTATION SLIDES

- ✓ Immediate download of today's slides

## ONLINE COURSE

- ✓ Option Basics
- ✓ Understanding Option Pricing
- ✓ Managing your Emotions

## COVERED CALL SCREENER

- ✓ Access to Snider Advisors' free Covered Call Screener

**COMING SOON!!**

# SNIDER METHOD ONLINE COURSE





**CLIMBING THE MARKET WITH  
AN OPTION LADDER**

**TUESDAY  
September 12<sup>th</sup>**