

Adjustments for a 1-for-2 Reverse Split

In a 1-for-2 reverse stock split, each 100 shares previously purchased is now 50 shares. This split will require some changes to how you continue the Snider Investment Method® in this position.

You will need to adjust your Snider Method recordkeeping. Make these changes before next Trade Day. *You will need to adjust your Individual Stock Purchase Record and Band Rule Worksheet.* The rest of this document will explain those adjustments in detail.

You will begin the process by adjusting your Individual Stock Purchase Record and Band Rule worksheet.

STEP 1 – CALCULATE YOUR NEW PRICE PAID AMOUNTS

Because each purchase now represents fewer shares, your Price Paid amounts will increase. Enter your original purchase price for each lot of shares XYZ in the Old Price Paid column and multiply by 2 to calculate your new Price Paid.

OLD PRICE PAID		SPLIT AMOUNT		NEW PRICE PAID
	X	2	=	
	X	2	=	
	X	2	=	
	X	2	=	
	X	2	=	
	X	2	=	
	X	2	=	
	X	2	=	
	X	2	=	
	X	2	=	

STEP 2 – CALCULATE YOUR NEW TOTAL SHARES

The number of shares you own will also change. To determine how many new Total Shares you have, divide your old Total Shares by 2. This information can also be found in your account.

OLD TOTAL SHARES AMOUNT		SPLIT AMOUNT		NEW TOTAL SHARES AMOUNT
	÷	2	=	

Make sure to transfer both the new Price Paid and Total Shares amounts to your Individual Stock Purchase Record.

STEP 3 – CREATE A NEW BAND RULE WORKSHEET

Create a new Band Rule Worksheet with your adjusted purchase prices. Use the new Price Paid amounts to determine the new Upper and Lower Limits of your Bands. Then record your purchases in the appropriate Band.

You have now completed all the necessary adjustments to your Snider Method worksheets. The following are changes to how you will trade your XYZ position.

STEP 4 – DETERMINE YOUR NEW MONTHLY PURCHASE LEVEL

Buying shares in lots of 100 per month before a 1-for-2 split may cause problems for your New Monthly Purchase Level. After the split, you would be buying 50 shares each month. But you won't be able to sell calls on 50 shares. The solution to this situation is to alternate purchases of 100 shares with 0 shares, so you are buying 100 shares every two months.

The table below will help you determine your new Monthly Purchase Level. Your new Level is based on both the terms of the split and your original purchase Level.

ORIGINAL LEVEL OF XYZ	NEW LEVEL OF XYZ
100	100/0
200	100
300	100/200
400	200
500	200/300

From now on, you will purchase XYZ at your new Level. Do not buy shares at your original Level.

You may already be close to or at 10 times your purchase Level. If you have already made ten purchases, you cannot purchase any additional shares. Doing so will cause you to use more cash than originally allocated to the position.

You can now buy shares and sell options like normal. However, keep in mind that if your new purchase level is 50, your previous purchases represent 50 shares and one option covers 100 shares.

We know that a stock split may cause you some frustration and concern. We are always here to answer your questions and guide you through the process.

THE FINE PRINT

The intent of this document is to help expand your financial education. Although the information included may be relevant to your particular situation, it is not meant to be personalized advice. When it comes to investing, insurance, and financial planning, it is 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. Investment objectives, risks, and other information are contained in the [Snider Investment Method Owner's Manual](#); read and consider them carefully before investing. More information can be found on our [website](#) or by calling 1-888-6SNIDER. Past performance is not indicative of future results.

Snider Advisors has an economic incentive for recommending that prospects and clients open an account with Ally. Specifically, as part of a loan agreement with Ally, Snider Advisors receives payment in the form of a loan reduction for each new account it refers to Ally and any of its affiliates. More detailed information about the loan agreement can be found in the [ADVII \(Schedule F\)](#). Clients may contact Snider Advisors with any questions regarding its relationship with Ally and the terms of the agreement.

Options involve risks and are not suitable for all investors. Before opening an option position, a person must receive a copy of Characteristics and Risks of Standardized Options. Copies of this document are available by calling 888-6SNIDER. Please read it carefully before investing.

**If you have any questions, please contact Snider Advisors
at 888-6SNIDER (888-676-4337) or support@snideradvisors.com**