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This is not financial advice, rather my own personal experiences documented.

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Selling option puts and covered calls are investment strategies that might sound complicated, but they're pretty straightforward once you break them down into simple terms

First things first:

1. **Open a brokerage account if you don't already (I like Fidelity)**
2. **Fund the account ($10K minimum, 25-50K is better)**
3. **Apply for options level 3**
   -The brokerage will ask you questions to apply. You'll want to select the most aggressive strategy account time and also make sure you answer that you have 3-5 years experience (because I do and I'll be posting the trades)
4. **You can apply for margin, which will allow you to double your buying power**

Options are financial contracts that give you the right, but not the obligation, to buy or sell a stock at a certain price (called the strike price) before a specific date. There are two main types of options: **Basics on Selling Call Options** and **Put Options**.

Selling a Put Option

When you sell a put option, you're making a promise to buy a stock at a certain price if the buyer of the option wants to sell it to you. You'll receive a payment (called a premium) upfront for making this promise.

Here's How It Works:

1. Suppose you sell a put option on TSLA stock with a strike price of $357.50.
2. Someone pays you a premium (of $1.22 per share) for the option.
3. If the stock price stays above $357.50, the buyer won't sell it to you, and you keep the premium as profit.
4. If the stock price drops below $357.50, the buyer can sell the stock to you at $357.50—even if it's worth less. You'll still keep the premium, but you'll need to buy the stock at $357.50 per share.

Why Do It?

- You earn money from the premium, in this example I earned $122.00.
- You might want to own the stock anyway, and this is a way to potentially buy it at a lower price.

Covered Calls

A covered call is when you own a stock and sell a call option on it. This means you're agreeing to sell your stock at a specific price if the buyer of the option wants to buy it from you. In return, you get a premium.

Here's How It Works:

1. You own 100 shares of TSLA stock, currently trading at $405 per share.
2. You sell a call option with a strike price of $425 and receive a $1.25 premium per share.
3. If the stock stays below $425, the buyer won't buy your stock, and you keep the premium as extra income.
4. If the stock rises above $425, the buyer will purchase your stock at $425. You still keep the premium, but you'll miss out on any gains above $425.

Why Do It?

- It's a way to earn extra income from stocks you already own.
- If you're okay selling the stock at the strike price, it's a win-win.

Comparing the Two

- **Selling Puts**: You're committing to buy a stock and earn a premium for taking that risk by selling a contract.
- **Covered Calls**: You're committing to sell a stock you already own and earn a premium for that promise, by selling a contract.

Key Risks and Rewards

- **Rewards**: The premiums you receive can add up over time and act as extra income.
- **Risks**: With puts, you might end up buying a stock that drops in value. With calls, you might have to sell a stock that continues to rise.

Key points:

Delta- interpreted as the approximate probability that an option will expire in the money. For example, a call option with a delta of 0.3 has about a 30% chance of expiring in the money. Meaning you have a 70% chance of the trade going in your favor.

Theta: It tells you how much the option's value decreases for every day that passes. For example, if an option has a Theta of -0.05, it means the option's price will decrease by $0.05 every day, all else being equal. Theta is money, the further out in time the more a stock option is worth.

Implied Volatility- The expected move in a stock +/-. The higher the volatility, the higher the premium and also potentially higher risk.

Final Takeaways-

- Sell Puts on Red Days (using cash as collateral)
- Sell Calls on Green Days (using your stock position as collateral)
- If you don't have options Level 3 setup in your brokerage account, you'll want to get that rolling so you can begin selling options.

TSLA Tesla	**393.22** -1.52 (-0.39%)	Bid 393.20	Day range	380.07 — 397.59	IV30	66.34 +0.28
	Put/call ratio is 0.71 (bullish)	Ask 393.30	52-wk range	138.80 (04/22/2024) — 488.54 (12/18/2024)	HV30	64.98 -1.32
		Volume 49,139,913				

Chart | **Option Chain** | Option Statistics

Option strategy: Calls & puts

Strike prices: All

Expiration dates: Jan 17 | Jan 24 W | Jan 31 W | Feb 07 W | Feb 14 W | Feb 21 | Feb 28 W | Mar 21 | Apr 17 | May 16 | Jun 20 | Jul 18 | Aug 15 | Sep 19

Show weekly options

Calls								Puts			
Delta	Implied volatility	Open interest	Volume	Change	Bid	Ask	Strike	Bid	Ask	Change	Volume
Jan 17, 2025 (M) (expires in 4 days)											
0.9414	76.15%	20073	1108	-3.27	Sell at 44.35	Buy at 44.90	350	Sell at 0.73	Buy at 0.74	-0.31	17050
0.9337	73.84%	132	85	-0.47	Sell at 41.80	Buy at 42.35	352.5	Sell at 0.85	Buy at 0.86	-0.32	3021
0.9233	72.16%	4008	324	-1.78	Sell at 39.60	Buy at 40.00	355	Sell at 0.99	Buy at 1.01	-0.43	4641
0.9105	72.05%	115	104	0.00	Sell at 37.25	Buy at 37.65	357.5	Sell at 1.17	Buy at 1.19	-0.44	2953
0.8962	70.18%	7622	701	-1.68	Sell at 35.00	Buy at 35.35	360	Sell at 1.38	Buy at 1.41	-0.48	15362
0.8806	69.82%	229	167	-1.05	Sell at 32.75	Buy at 33.15	362.5	Sell at 1.63	Buy at 1.65	-0.57	3590
0.8627	68.97%	2463	679	-2.00	Sell at 30.55	Buy at 30.90	365	Sell at 1.93	Buy at 1.95	-0.55	8000
0.8431	67.70%	368	742	-1.80	Sell at 28.40	Buy at 28.75	367.5	Sell at 2.29	Buy at 2.31	-0.67	3337
0.8204	66.98%	8661	1873	-2.10	Sell at 26.35	Buy at 26.70	370	Sell at 2.70	Buy at 2.72	-0.61	23830
0.7950	66.44%	446	919	-2.75	Sell at 24.45	Buy at 24.70	372.5	Sell at 3.15	Buy at 3.25	-0.65	4042
0.7679	66.00%	5128	2090	-1.79	Sell at 22.50	Buy at 22.70	375	Sell at 3.70	Buy at 3.80	-0.60	14644
0.7375	65.92%	1282	1873	-2.35	Sell at 20.65	Buy at 20.85	377.5	Sell at 4.30	Buy at 4.40	-0.75	4389
0.7065	65.51%	10098	11948	-2.20	Sell at 18.85	Buy at 19.00	380	Sell at 5.05	Buy at 5.15	-0.78	28394

Status	Description	Bid	Ask	Da
Filled at $1.22	Sell to Open 1 Contract TSLA Jan 17 2025 357.5 Put Limit at $1.22 (Day)	$1.21	$1.23	Jan-13-2025 02:35:35 PM