

Options Trading Institute

COVERED CALL COURSE

A Proven, **Step-By-Step System** For Making \$1,500 A Month (or more) Using A Covered Call Strategy

Picking the Golden Option

The Golden Option is all about finding the option that's the best mix of risk versus reward. Follow these steps to make sure you identify the best options to trade.

- 1) Pick an option expiring in 4 to 6 week
 - Never do any covered calls that aren't front month or second month options
- 2) Make sure the strike isn't too far away from the current price
 - Anywhere from \$0.25 to \$3.00 away is a realistic range
- 3) Make sure the option has enough "juice"
 - Realistic 'golden' premiums for cheap stocks, close to the money \$0.50 to \$1.00
- 4) Don't trade wide bid/ask spreads
 - Look for \$0.25 or less on bid/ask spreads if possible
- 5) For Golden Options, we want to see robust returns on both the call premium and stock appreciation.
 - It may vary stock to stock but try to pick covered call strategies with total return possibilities form (5%-10%)
 - If two or more options fall into this range, pick the options with the highest call premium.