

Your First Cash-Secured Put Trade — A Step-By-Step Order Ticket

Walkthrough

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BEFORE YOU CLICK

Run this checklist first.

- ✓ I'd be comfortable owning 100 shares of this stock
- ✓ No earnings announcement within my expiration window
- ✓ Strike is 5–10% below current price
- ✓ Expiration is 2–6 weeks out
- ✓ Open interest > 100 on my strike
- ✓ Bid-ask spread looks tight (under \$0.10)
- ✓ Cash required is under 5% of my account
- ✓ I know my Plan B if I get assigned

QUICK MATH

Cash Needed	Strike × 100
Return %	Premium ÷ Cash
Eff. Buy Price	Strike – (Prem ÷ 100)

EXAMPLE

Stock: KO @ \$70.00
Strike: \$65 | Premium: \$0.80
Cash needed: \$6,500
Return: 1.23% | Eff. buy: \$64.20

THE ORDER TICKET

► 1 ACTION — You are SELLING (not buying) this contract

Action	SELL TO OPEN	Always 'Sell to Open' for new puts
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► 2 OPTION TYPE — A Put gives the buyer the right to sell stock to you

Option Type	PUT	Not a Call — you want the PUT side
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► 3 SYMBOL — The underlying stock you are willing to own

Symbol / Ticker	KO	Choose from your watchlist only
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► 4 EXPIRATION — The contract's end date. Keep it 2–6 weeks out

Expiration Date	Jun 20, 2025	Avoid dates that cross earnings
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► 5 STRIKE PRICE — The price you agree to buy the stock at if assigned

Strike Price	\$65.00	5–10% below current price (\$70)
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► 6 QUANTITY — Start with 1 contract (= 100 shares of obligation)

Contracts	1	1 contract = 100 shares. Start here.
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► 7 ORDER TYPE — Use Limit so you control the price you receive

Order Type	LIMIT	Never use Market orders on options
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► 8 LIMIT PRICE — The premium you collect. Set near the midpoint of bid/ask

AFTER YOU CLICK

OUTCOME A — Option Expires Worthless

Stock stayed above \$65. Contract expires. You keep the \$80 premium.

- ✓ No action needed at expiration
- ✓ Premium is yours to keep
- ✓ Sell another put next week
- ✓ Repeat the cycle

OUTCOME B — You Get Assigned

Stock dropped below \$65. You now own 100 shares at \$64.20 effective cost.

- ✓ This is not a loss — it's the plan
- ✓ You chose this price on purpose
- ✓ Now sell a Covered Call on your shares
- ✓ Collect income while you wait

WATCH OUT FOR

- ⚠ Earnings inside your expiration window
- ⚠ Wide bid-ask spreads (over \$0.20)
- ⚠ Position size over 5% of account
- ⚠ Trading a stock you don't want to own
- ⚠ Closing too early out of fear
- ⚠ Adding new trades when one goes against you

Limit Price (Credit)

\$0.80 / share

You receive \$80 total (0.80×100)

ORDER SUMMARY: Sell 1 KO Jun 20 \$65 Put — Limit \$0.80 Credit

THE ONE RULE

If both outcomes above sound fine to you — place the trade. If either one makes you uncomfortable — wait for a better setup.