**SELLING OPTIONS LIKE ICE CREAM?**

An ice cream shops that buy a 5-gallon tub for, say, $50. Each tub has 100 scoops, and each of those scoops sells for $3

So, they pay $50 and collect $300!

Our long-dated put is the tub of ice cream that lasts for 120 days; (long dated **Buy Put** serves as insurance because as buyer you have the right to PUT the stock to seller at the strike price even if the stock is strike price – 50 lesser)

Each scoop is the weekly put we sell.

Let’s use Charles Schwab (SCHW) as an example:

SCHW is trading at $74.00

We **buy** a $70 put expiring in 120 days and past the next earnings date for $4.20

We **sell** next weeks at the money 74 put and collect $1.28

We have a tub of ice cream with 16 weekly scoops and the potential to collect $1.28!

If you had 1 contract (100 shares), you would pay $420 for the insurance and collect $2048.

If you had 5 contracts (500 shares), you would pay $2,100 for the insurance and collect $10,240.

If you had 10 contracts (1,000 shares), you would pay $4,200 for the insurance and collect $20,480; this is $1,280 a week.