Get Rich – Stay Rich: Investing For Monthly Income

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GetRichInvestments.com

Create Monthly Income with Your Portfolio

Get Rich Monthly
Investment Plan for only $10.00 per month

"*Wealth is the ability to fully enjoy life.*" – Henry David Thoreau

Does the idea of using an *income investing strategy to generate 3% to 5% a month* on your funds appeal to you? That's more than enough return to beat the historical average of the overall stock market.

Do you like the idea of confining your investing to only *high-quality, conservative stocks*, defined as S&P 5-star ranked stocks? Why not leverage the research of the professional research organization with decades of experience!

How about using a simple strategy to *limit your risk* in each trade to only a few percent of the amount invested? The key to long-term investing success is to not have big loses!

Do you like to invest in *assets that pay monthly dividends* with annual yields of 10% or more? These dividends create a portion of your monthly income plan that can create a significant number of monthly dividend checks, month after month.

If you answer **YES** to any of these questions, the **Get Rich Monthly Investment Plan** is for you!

The **Get Rich Monthly Investment Plan** provides the investor with the following investment vehicles:

1. A list of covered call trades consisting of high quality stocks such as the S&P 5-star research rating of the best stocks that are recommended as strong buys. These lists are updated each week with select trades added daily.
2. A list of covered call trades using LEAPs (Long-Term AnticiPation Security) as a stock replacement strategy to increase returns.
3. A list of CEFs (closed-end funds) that pay monthly dividends month after month. These investments can pay more than 10% annually and can sometimes be purchased at a discount to net asset value.
4. A list of calendar spreads to use to increase your return while lowering your capital required to trade. Do you want to pay full price for the stock or purchase a call as an alternative?
5. Low risk investments to minimize market risk and to prevent your portfolio from taking a big lost in such uncertain market environments like we are experiencing today.

6. We have created a strategy called the Blanket Put that will protect your investment from market downturns. The Blanket Put is your safety blanket to protect your portfolio from market downturns. This is worth the membership fee by itself.
7. Access to multiple education resources to better learn how to be a more successful investor. Trades don't end when you make a stock buy, sell a call, or complete the trade. Here we want members to be educated about how to manage a trade and when to take action.

How is the **Get Rich Monthly Income Plan** different from the numerous other covered call services?

We focus on **real stock research such as the S&P 5-star rated stocks** rather than a computer program that selects trades based solely on return. We do the screening for you. We all want the best return possible but our Monthly Income Plan only selects the best trades based on numerous variables such as stock quality, great research, dividend yield, stock volatility, low risk, and many other indicators that can't be disclosed here for obvious reasons.

The **Get Rich Monthly Income Plan** diversifies risk by seeking multiple streams of income. You can create monthly income by: covered call trades, covered LEAPS, calendar spread trades, monthly dividend CEFs and dividends from owning high quality, conservative stocks. That is 5 streams of income from this simple list as we focus on "cash flow" to the investor to improve your quality of life.

We at **Get Rich Investments** eat our own cooking. The trades and strategies shared with you are the same that we use for our monthly income. This is exactly why we can offer this service at such a low fee compared to the $100 per month services typically found on the internet.

We have more than **20 years experience** in the markets including trading covered calls and monthly income investments. In addition, we have Masters in Business Administration (MBA) from a top business school and other experience in corporate finance and strategy. We have authored several books including the original *Get Rich – Stay Rich: Investing for Monthly Income* that is currently on sale at Amazon and other bookstores around the world. It is important to you that your monthly income is in qualified, experienced investor hands who can be trusted to deliver the best trades.

There are no gimmicks, no bait and switch or added fees. We give you all of this for **only $10.00 per month**. You will be charged monthly with no required annual subscription. If you don't like the service, you can cancel at anytime. We are convinced that you will like the quality of service and continue to make monthly income.

Try it today! **Get Rich Monthly Income Newsletter – $10.00 per month**

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Preface

Why do people want to be rich? Most people want to obtain personal prosperity so they can provide a better future for their family. Every person has the right to pursue a better life for themselves and their family. Could you become rich if you had a blueprint to follow? If the answer is yes, you are in the right place. This book contains investing strategies that can create financial wealth beyond what your current means can provide.

If I can teach more people to increase their income and wealth, then they will move closer to living a better life and obtaining financial freedom. Even better, they will pay this forward through their children for generations to come. This is the inspiration for this book. The information presented will show you how to get rich and to stay rich. More on this later but the two are not the same. My objective is to give people a better life – one person or family at a time. With that said, this book is not a get rich scheme.

I have used and applied each idea and tool presented in this text. It has been 15 years in the making through many trial and tribulations. It worked for me and is now the basis of how I management my own investments. With the right attitude and effort, it will work for you, as well. Are you ready to Get Rich and Stay Rich?

Introduction

We have been taught that the journey to wealth starts with the ability to dream big dreams. I will not refute the necessity of having a goal and vision to where you want to go in life. There is a significant number of self-help books that suggest that they can help with this process as they can trigger your mind to flip on the success switch. Personally, I have not experienced such mental turn-ons in my life. The starting stage should be to determine what you want in the end. How much wealth and income you want to achieve to reach financial freedom.

How to achieve your wealth goal is where the rubber meets the road. This is you creating an action plan for each year, so you can measure your progress along the journey. How will you invest your capital to create wealth? How will you get capital to invest? How can I invest my capital with the lowest amount of risk, so I do not lose capital? All of these questions must be addressed in your personal action plan.

Before we move forward with details of the investing plan, you should think about what it takes to be successful. By this, I am referring to overcoming your personal constraints. For example, to create wealth through investing you will need access to capital. It will likely be easier and faster to achieve your wealth goal by starting with a large amount of capital. One typical constraint to achieving your wealth goal is not having an adequate amount of capital. This program will show you how to grow your capital over time through investing.

There are numerous ways to confront the bottleneck of having a limited amount of capital. You can save your money, increase your income or take on more risk in seeking a higher return on your investment. Perhaps each of these endeavors may be of value to you. A great wealth plan will address the bottleneck or constraints to ensure a higher probability of success. This is exactly what you will learn as we will address the need for capital in this book.

Your goal should be to increase your access to capital without significantly increasing your amount of effort to get it such as taking a second job. We will discuss some simple investing strategies in this program that will create more capital for your wealth account. The key word here is "simple" as investing success does not require some sophisticated black box model that you can not understand how it works. If you can not explain your wealth strategy to your significant partner or family, then it is probably too sophisticated for your use.

What you will learn in this book is how to generate real wealth through the simplest investing strategies in the market. You will learn the difference between getting rich and staying rich. These two components are the secret sauce when combined to generate a lifetime of personal wealth. At this point, you may wonder what I have that you have now already seen in other books. This book proposes a monthly income plan by focusing on strategies to be used for your lifetime. By the time you finish this book, you will be on your way to achieving your personal wealth goal using the simple investing strategies detailed throughout this book.

The Get Rich – Stay Rich Philosophy

It never seems to end that during recessionary times financial pundits start talking about now is the time to live below your means. These people always want to focus on the expense side of the income statement. They act as if you must take on the depression mentality to improve your financial status. There is nothing to fear that can stop you from being able to succeed. The real key here is for you to take responsibility for your financial future.

Anyone can create wealth. The difference is how you go about getting it done. Creating wealth is a journey from where you are currently to where you want to be in the future. Do you want to go through this journey kicking and screaming because you are giving up the things you truly enjoy in life? Most people would answer no to this, especially if there is a better way. The other way is what I will share with you today.

Rather than focus on cutting your expenses, you should focus on increasing your income. Now, it is true that you must be responsible on the expense side by using sound money management principles. For example, you don't want large credit card debt, upside down car loans or any other bad debts. The focus should be on having enough income to cover your living expenses. Once you have your budget worked out and you are comfortable with meeting your obligations, you are now ready to build your wealth.

The hardest part of building wealth is growing the amount of money working for you. To accomplish this, you must find a way to access capital to invest. You can set a portion of your income aside for this purpose. You can focus on increasing your income to invest a portion of that for wealth building. You can also combine the two to better diversify your sources of capital. The point is to focus on growing your capital for wealth building opportunities.

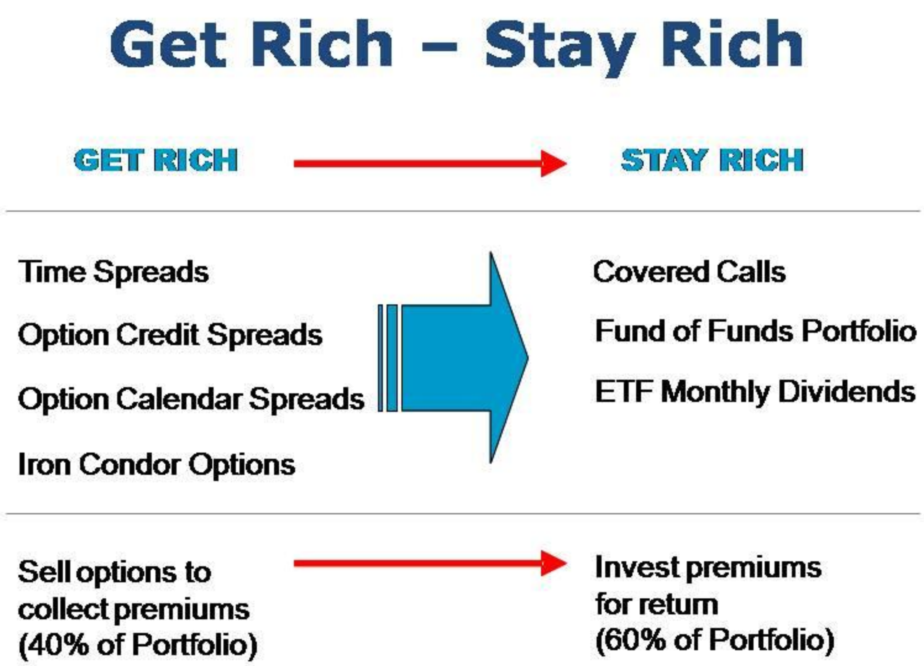
If you place too much emphasis on using your current income, then you are likely to feel the pinch unless you have a high income or you have recently adjusted your expenses. One goal should be to save a percentage of your current income for investing. There is no magic percentage such as 10% of your income. You should start with an amount that is comfortable for you without stressing your financial obligations. You can always increase the amount of savings over time. One strategy is to save future increases in income from wage raises rather than spend this additional income on new things. Another strategy is to save cash used for bills once they are paid off in full. You can brainstorm a number of additional ways to increase your savings over time to use for building your wealth.

Let's look at the insurance industry as an example. In insurance, you collect a premium from the client to hold while waiting for a claim from the client. What should the insurance company do with the cash from premiums? The insurance companies invest the cash to make money until it is needed to pay customer claims. In general, the premium being held is referred to as cash float. The Get Rich – Stay Rich program is following the same principle as insurance premiums and cash float. You are selling options to collect premiums (cash float) and investing the premiums to create more wealth for yourself. You can continue to invest the cash until you need it for living expenses.

The next step is where things get really good as you begin to build your wealth. Once you have secured your seed capital, you can begin to build your wealth through investing. How much capital should you save to get started? With the Get Rich – Stay Rich program, you can start with any amount of cash to invest. You can start saving cash in your personal account until it is significant to use for the strategies discussed in the Get Rich section of this book. I would suggest that you achieve a total cash amount of $10,000 in your account before you begin using the Get Rich strategies. While accumulating cash, it can be invested in the Stay Rich strategies such as ETFs paying monthly dividends until you reach the level to invest in the option strategies presented in the Get Rich section.

How should your capital be utilized to grow your wealth? A very effective method to do this is to divide your capital into two buckets. This does not mean you must actually have two separate accounts, but theoretically see your capital as two piles of money. One bucket is for collecting premiums and what we will call the "Get Rich" bucket. The other bucket is called "Stay Rich" and will be used to safely collect monthly income on a continuous basis.

What is the rationale behind having two buckets? The two buckets will be used for differing levels of investment risk and to create different returns. This is how it works. The stay rich bucket will be used to invest in long-term stock holdings such as blue chip stocks, monthly income ETFs and other more conservative investments. The get rich bucket will be used to grow your capital to fund your stay rich bucket. Once your amount of capital has grown large enough, the get rich bucket will fund your account regardless if you desire to continue with your other capital funding sources.



What type of investments should you have in your get rich bucket? Since the purpose is to fund your stay rich bucket, you want to focus on investments that create capital or cash. You can invest in ETFs that have monthly cash distributions or purchase stocks were you sell calls to receive premiums for reinvestment. You should start with investments that you have a level of comfort with that are simple to execute. Once you are more advanced, you can actually sell options for net credits or premiums such as iron condors, credit spreads and other option strategies.

There is one important bit of information about managing two buckets of money. I suggest that you keep 60% of your capital in the stay rich bucket and 40% in the get rich bucket. For example, if your total money is $10,000, then $6,000 will be to the stay rich investments and $4,000 will be used for get rich investing. You can move money between the buckets when you get income from the get rich bucket. You should keep 40% of your capital in the get rich bucket to invest in securities that create capital through selling options. For every dollar you make in this bucket, $0.60 will be invested in the stay rich bucket (excluding any tax on your earnings).

The percent split between the two buckets is designed to place more emphasis (60%) on staying wealthy with conservative investments by only risking a portion (40%) of your wealth to do so. The best part of this strategy is that it eventually becomes selfsustaining when you generate more & more income from the get rich bucket to fund the stay rich bucket.

Why Build Wealth through Investing

You must be wondering why you should invest for wealth rather than pursue another activity such as running a business. It is true that you can attain wealth through a number of ways. In fact, you can achieve wealth through marrying a wealthy person or even inheritance. Do you want to risk your future on the six numbers you selected for the lottery? Or do you want to take control of your future to accomplish your goals in life? If you selected the latter, this book will show you how to become financially free. Being a businessman, corporate officer and many other positions in life, I have come to discover that the best plan to grow wealth is through investing.

My strategy is very simple. I look at the end goal and work backwards. For example, how do you define financial freedom? For me, I want to have a desired amount of income that will replace my current income and have the time to decide what I want to do each day. I want to have enough income from my Stay Rich bucket to provide for my lifestyle. I calculate this by how many monthly dividend checks I will need to reach my desired income. This will be different for each person depending on their living expenses and other desirable spending habits. Some people may be comfortable earning $2,000 per month in dividends while others may want $15,000 per month.

The second rational for investing for wealth is that you can do it as a passive activity. For example, I do not want to start a business that requires my attention 12 hours per day. This is really just creating a new job for me. In comparison, I can take my capital and invest in monthly dividend ETFs that will require a minimal amount of time from me. Part of my definition of financial freedom is to have your time available to pursue the activities you choose to do. Investing allows me to escape the 9 to 5 job and daily commute to the office. In fact, I can conduct my investing activities nearly anywhere on the globe as long as I have my computer and internet access!

Lastly, I would argue that investing provides a safe way for me to generate income without much worry about the risk of losing your job or declining sales in a recession. The strategies I use to generate investing income happen regardless of the economy, business cycle or the stock market trend. When you own multiple income sources such as monthly dividend producers, covered calls and other option strategies, you can make money each month regardless of the external forces happening in the world. This is the beauty of the Get Rich - Stay Rich program. You can create so many types of income generators that you should be safe from any single event changing your financial life.

Let’s look at the advantages of investing for wealth:

- It can be done from any location through online investing
- You can create multiple types on income generation including passive income
- It takes advantage of compounding your money over time
- You decide your working days and working hours
- You escape the rat race of job commuting and office hours
- There are tax advantages if performed as a business entity
- There are no employees or marketing issues
- Can be used to create a legacy for your family and future generations

Can You Really Get Rich through Investing

Can you really get rich from investing? Why not become a doctor or lawyer like your parents suggested? Obviously, there is nothing wrong with choosing to be a medical doctor or attorney as your life occupation. People from all walks of life have become rich from investing. Here is a great example of starting with nothing and ending a millionaire.

A parking lot attendant who never made more than $12.00 per hour or $20,000 in a single year became a millionaire through investing. In addition, this person is dyslexic and has always had trouble reading. Today, this person is a millionaire with over $500,000 in his stock portfolio. How did a person with such difficulties achieve such success without a formal education? Simply, he knew how to budget to save his money. His job is in the middle of the financial district and many business people would park in his lot. The bankers and brokers suggested that he buy stocks that paid dividends and reinvest his dividends into more shares of stock. In addition, he performed odd jobs like mowing lawns on the side to make money for investing. He bought IBM shares in 1981 and continued to invest saved money ever since. His success is due to saving small amounts of money and compounding his returns over time.

To get back to my initial point, if you don’t have the education to achieve a high paying position, you can still get wealth from investing. The financial education required to get rich is discussed throughout this book. You do not need an MBA to be a successful investor. You only need to learn the basic investing strategies to create income and then be disciplined enough to stick to your plan.

Stay Rich Investing Strategies

Part I - Income from Safe Investing

In managing my investment accounts, I have spent a considerable amount of time evaluating various strategies. What I have come to appreciate in managing my 401 account is what I call the Fund of Funds Portfolio. This is an easy to manage system that will get you into the best performing assets at the right time as well as time the market of your investments.

The secret to portfolio management is diversification. Modern portfolio theory has proven that diversification increases returns on a risk-adjusted basis. This theory has been debated in numerous publications for years. Diversification is the major theme behind the Fund of Funds portfolio. The Fund of Funds Portfolio has 12 different asset classes across major investing categories from domestic stocks to private equity (see table).

The asset classes are listed in the following table as an ETF fund. As you can see, these assets include stocks, bonds, commodities, real estate, currency, and private equity. The classes have both U.S. and foreign investments in stocks and real estate. Also, stock funds have both large cap and small cap funds. Foreign stock funds have developed and emerging markets. The only asset class missing is a hedge fund which is problematic to identify in the ETF universe. It is OK to substitute other fund families such as Fidelity for Vanguard, etc. depending on what funds you have access to in your account.

Fund of Funds Portfolio - ETF Funds

	Category	ETF	3-Month	6-month	12-month	Average
1	Foreign Emerging Markets	VWO	9.21	41.17	79.02	43.13
2	Real Estate	VNQ	10.06	59.57	33.25	34.29
3	Domestic Small Cap	VB	7.47	39.17	39.74	28.79
4	Foreign Developed Markets	VEU	5.64	33.73	42.16	27.18
5	Domestic Large Cap	VTI	8.11	32.94	30.43	23.83
	Foreign Real Estate	RWX	0.11	32.07	34.28	22.15
	Domestic Private Equity	PSP	4.7	45.34	13.92	21.32
	Commodities - DBLC	DBC	12.25	22.37	17.17	17.26
	Commodities - Nat Resources	GSG	8.75	24.32	15.93	16.33
	DB Carry Trade	DBV	2.01	15.99	20.43	12.81
	TIPS	TIP	2.03	4.78	8.89	5.23
	Domestic Bonds	BND	-0.25	2.67	5.05	2.49

Prices as of 1/12/2010

Diversification is a risk reduction strategy, but you can increase your returns if you are in the right asset categories at the right time. For example, why would you want to be in bonds when interest rates are 1%? In this example, your return is lower than the inflation rate of 3% you are losing purchasing power. The other critical aspect to this strategy is to avoid big losses. You may sacrifice some return in the short-term, but you will win big in the long-term. The Fund of Funds Portfolio has a ranking process to identify what and when to be invested. When the market hits a period like September 2008, you should not be invested in stocks at all.

<u>Rules of the FOF Portfolio:</u>

Rank the 12 asset classes by taking an average of each Funds 3-month, 6-month and 12- month performance. Then sort with the highest average at the top of the list (see table above).

Evaluate the top 5 Funds on the ranked list to ensure each Fund is trading about its 100-day simple moving average.

Invest 20% of your portfolio in each Fund ranked 1 to 5 and above its 100-day trading price based on last closing price.

In the event that a Fund is trading below its 100-day price, do not invest in that Fund. There may be a period when you are not 1005 invested due to market volatility. This is part of the strategy of keeping your money out of a dangerous market to prevent loses (I.E. 4th quarter 2008).

At the beginning of each month, update the ranking of each fund by calculating the new return average and then sort with highest average return at top.

If any invested funds fall from the top 5 ranking, then sell this fund and replace it with the new fund in the top five ranking. The strategy is to be invested in the top 5 asset classes that trade above their 100-day moving average.

If any Funds you are invested in fall below their 100-day average, then you will exit that Fund. You do not need to monitor the 100-day on a daily basis. Check this measure at the beginning of each month as this will get you out of a declining fund without any whipsaw movements.

Continue to monitor your portfolio at the beginning of each month to update ranking and best Funds to be invested in.

At year end, you can rebalance your investment amounts to return to 20% each Fund. Make this an easy time such as the beginning of January. If you have a Fund that increases in value through the year, let the profits run unless; (1) the price drops below the 100-day average; (2) the Fund drops out of the top 5 ranking; or (3) you re balance at the beginning of the year taking the Fund's balance back to 20%.

The table above indicates the top 5 funds as emerging markets (VWO), real estate (VNQ), small caps (VN), developed markets (VEU) and private equity (PSP). The average returns run from 20% to 37%.

This is a basic theory of being invested in the top 5 asset classes at all time. Why 5 funds? Because back testing has indicated that you get a better return with 5 Funds in the portfolio. Also, this keeps you out of the less desirable funds that have not performed well in the market.

What type of performance should you expect? When back tested, this system had an annualized return of around 13-15% from 1985 to 2008 (with different ranges for private equity). The standard 60% stocks and 40 bonds had a return of 11.4 during this period. Generally, assets are going up 70% the time and declining 30% the time. But not all asset classes are uptrending or downtrending at the same time. This is when you get a little extra return in this model by being in top performing assets.

The success will depend on how disciplined the investor is regarding following the rules. This eliminates emotions and rash judgments that can adversely affect your performance. My analysis indicates that returns are lower and volatility higher when prices are below the 100-day average. This is part of the rationale behind why the FOF timing model works as it keeps you out of high volatility funds.

How to Use Trend Following to Improve Investing Results

As an investor, you can select from many strategies to manage your portfolio. The most popular strategy is probably buy and hold. With the buy and hold strategy, you purchase a stock and hold it for a long term period. If you plan to use your portfolio to fund your retirement, you should look at trend following as an alternative strategy to buy and hold.

Buy and hold is a successful strategy if you do not anticipate converting your portfolio to cash until 20 years or more. But if you do not have the stomach to watch your portfolio lose 50% of its value, then you should look to a strategy that will help you get out of the market before it declines a significant amount.

As a buy and hold investor in the S&P 500, you would have watched this index decline from around 1375 in May 2008 to a low of 666 in March 2009. This is a decline of 51.4% over a 10-month time period. This would have cut your S&P 500 Index investment in half in less than 1 year. The bad news is that it takes a 100% increase to fully recover from a 50% decline.

The alternative approach is use trend following to manage your portfolio. Trend following is an investment strategy that tries to take advantage of long-term moves that seem to play out in various markets. The system aims to work in the market trend mechanism and take benefit from both sides of the market enjoying the profits from the ups and downs of the stock or futures markets.

Traders who use this approach can use current market price calculation, moving averages and channel breakouts to determine the general direction of the market and to generate trade signals. Traders who subscribe to a trend following strategy do not aim to forecast or predict markets or price levels; they simply jump on the trend and ride it.

Trend following does not need to be complicated or use some black box system. The simpler the strategy, the better it is to follow the trend. For example, assume you use a simple 100-day moving average to manage your S&P 500 index investment. This strategy is to be long the index when price is above the 100-day average and to sell the index when it is below the 100-day average. Following this strategy, you would have sold your S&P 500 index at 1338 in July 2008 as the index price fell below the 100-day moving average. You would have stayed out of the index until March 2009 when it moved above the 100-day moving average at 835 (see chart below).

The results clearly show that you could have avoided the 50% drop in the S&P 500 by following a simple 100-day trend following strategy. This strategy would have worked for any other stock or index investment to avoid a market downturn. The secret is that trend following has both an entry point and an exit point built into the strategy. There are times when you should not be invested in stocks such as during the September 2008 stock market crisis. For 2008, the S&P 500 was down -37% while the Fund of Fund Portfolio was only down -0.6%. With the S&P 500 loss, it will take nearly a 60% increase to get back to even following a -37% decline.

To improve your portfolio management and investing results, use trend following to identify when to enter and exit your trades in the market. The investment managers that made money in 2008 were out of stocks or short equities during the market decline. Yes, many of the trend followers led the market in investment returns in 2008.

How to Create A Lifetime of Passive Investing

Too many hard working people are finding themselves out of work and out of luck because they have nothing to fall back on. The only way to deal with the uncertainty of being employed is to take control of your income source. This can be accomplished by creating multiple streams of passive income so if you are confronted with a loss of income, you will continue to thrive.

One of the best passive income opportunities is by investing your extra cash to generate residual income without any extra hours of work. This can be done by investing in real estate and other residual business opportunities but let's discuss one of the greatest secrets to achieving multiple streams of passive income available today.

If you think about true financial independence, then you would want to receive monthly income without having to work hours of regular employment. Therefore, you want to look for cash producing opportunities to accomplish monthly income without hourly commitment to a job. The idea I will share with you today is called "Residual Lifetime Income."

Truth is most people don't recognize this is a great time to set up an income portfolio because they're scared of every kind of investment under the sun. Even in the best of times, though, few people really understand what makes a truly great income investment.

A great income investment is one that pays you a steady stream of income that grows year after year without interruption for decades. By that one criterion, last year and this year disqualified many companies as ideal income investments. By February of this year, we had already surpassed the total amount of dividend cuts made in 2008, more than $40 billion altogether.

This idea is based on the cash flow generated by closed-end EFTs. Why use ETFs? Because the funds I have selected pay monthly dividends and trade on the open market. These EFT’s can be easily purchased through any investment account including the low-fee brokerages. Additionally, since they are closed-end, the fund can't just create more shares when they have additional investment dollars. The result is that each ETF has a net asset value (NAV) which is the actual value of the fund per share. But when traded on the exchanges, these ETFs can be traded at a price above or below the NAV. This creates a situation where the investor can purchase the ETF at a discount, price is lower than NAV. At times, you can find ETFs trading at 10 to 20% or more below their actual NAV. This is like buying a $1 of assets at .80 cents. We all know that when you buy an asset at less than market value, you have the opportunity to wait until its value returns to market value. This creates an additional appreciation gain when investing for Residual Lifetime Income while you are getting paid monthly income.

What we want to do with the Residual Lifetime Income is to purchase ETFs that pay monthly distributions when they are trading at a discount to the NAV. Then, you can collect the monthly income and wait for the ETF to gain in market price until it's at or above its NAV. At this time, you can sale the ETF for a profit or continue to collect the monthly income. The objective is to create multiple streams of passive income that can eventually replace or supplement your normal income.

To grow your Residual Lifetime Income, you can reinvest part or all of the monthly income into more shares of ETFs trading below their market value. This is basic compounding of your income on a monthly basis. The compounding effect achieves greater return when compounded on a monthly basis rather than quarterly or annually. This is the reason we are investing in ETFs that pay monthly income.

To get a great start, I have created a list of ETFs that I have invested in for several years. I like to invest in the ETF with the highest total return which is calculated by adding the actual dividend yield to the percent discount of the ETF (market price divided by NAV). You can update this list each month by looking up the ETF ticker at etfconnect.com. This is a free service. As a note, this is not a comprehensive list but a list that I track on a monthly basis. You can add any ETFs that pay a monthly distribution to the list at your discretion.

Using the Residual Lifetime Income program, you can create multiple monthly income streams by investing in each ETF shown in the list below. This will create multiple streams of passive income while diversifying your income sources. Better yet, you will control your passive income source rather than someone else! See Appendix A for a complete listing of 445 monthly paying ETFs.

Alpine Total Dynamic Dividend (AOD) – Dividend Capture Strategy

Alpine Global Dynamic Dividend (AGD) – International Dividend Capture Strategy

ING Global Equity Dividend & Premium Opportunity (IGD) – Global Dividends and Options Strategy

PIMCO Global StocksPLUS & Income (PGP) - S&P500 and MSCI EAFE Indices Options Strategy

PIMCO High Income Fund (PHK) – Corporate Debt Strategy

Nicholas-Applegate Convertible & Income II (NCZ) – Convertible and Income Strategy

Dow 30 Enhanced Premium & Income (DPO) – Dow Jones Industrial Covered Call and Option Strategy

Gabelli Global Gold and Natural Resources (GGN) – Natural Resources Option Strategy

Calamos Global Total Return (CGO) - Common Equity, Preferred Equity, Convertible, and Debt Securities

Nuveen Quality Preferred Inc 2 (JPS) – Preferred Income Strategy

However, if you don't need the income or you have many years to invest, compounding dividends and interest are the only way you should invest. They call it "the royal road to riches." The high yields make all the stocks in your portfolio perfect for compounding. (Small increases in yield magnify into huge additional profits over long time periods.)

The table bellows shows $20,000 invested with an annual rate of 12%. Of course, using the monthly dividend program will result in an average monthly income of around $200 in year one. With no additional investment or increase in dividends, you will earn over $3,000 per MONTH in year 25. This will be even more if you make regular contributions to your investing account as the power of compounding expands your income.

Sample Monthly Income Portfolio
$20,000 at 12% without adding funds

End of Year	Balance	Monthly Income	Annual Income	Ending Balance
1	20,000	200	2,400	22,400
2	22,400	224	2,688	25,088
3	25,088	251	3,011	28,099
4	28,099	281	3,372	31,470
5	31,470	315	3,776	35,247
10	55,462	555	6,655	62,117
15	97,742	977	11,729	109,471
20	172,255	1,723	20,671	192,926
25	303,573	3,036	36,429	340,001
30	534,999	5,350	64,200	599,198

You Can Also Buy Best of Breed Stocks

The ideal income strategy is to buy Best of Breed stocks when they're cheap, then reinvest the dividends for as long as possible until you need the income. By then, the dividends will be much higher than when you started, and you'll be earning a much higher yield over the cost of your original investment.

I've heard some people say they can't wait 10 years for dividends to grow because they need the income now. All I can say to them is be very, very careful. Trying to hurry your investment results is a surefire way to throw money down the drain. Patience is essential for making big money in stocks.

Buy the Best of Breed stocks when they're cheap, reinvest the dividends, wait five or 10 years, and you'll have plenty of income without ever taking much risk at all. That's the best income strategy I've ever come across... and even more than that, it's the No. 1 stock investing strategy I know, bar none.

A Best of Breed stock is the No. 1 company in its industry, like Procter & Gamble, ExxonMobil, or Wal-Mart. These stocks can raise prices to keep ahead of inflation. They can get financing (or not need it) when other companies are finance-starved (like right now). They are large and well-managed enough that you can count on fewer (if any) bad surprises happening to them.

Procter & Gamble (PG) is the largest consumer-products company in the world. It sells to roughly half the world's population.

UPS (UPS) is the largest package-delivery service in the world. It's the only delivery company that serves every address in all 50 states. It's been beating the competition consistently for over 100 years.

Wal-Mart (WMT) is the largest retailer on Earth. It is the low-cost retail provider of groceries, jewelry, sporting goods, electronics, clothing... You name it, and Wal-Mart probably sells it for less than any of its competitors.

McDonald's (MCD) is one of the best dividend payers in the world. In the past four years, this fast-food giant has raised its dividend payment by 300%.

If you buy Coca Cola (KO) stock today, you're getting it at the nearly same price as it was in December 1996. In other words, if you'd bought Coke 12 years ago, you would not have made a penny, even after you take dividends into account. Meanwhile, Coke has increased revenues by 67%, profits by 71%, and its dividend by 200%.

You can buy Altria Group (MO), the cigarette company that owns Marlboro and a 28% stake in the world's third-largest brewer, SABMiller. Not only is this company extremely profitable and protected from competition, but the stock hasn't been this cheap in six years. It has a P/E ratio of five and a dividend yield of 8%. It hasn't cut its dividend in 40 years.

Intel (INTC) controls 80% of the semiconductor market. It spends $6 billion each year on research, developing smaller, more powerful chips. How can anyone compete with this dedication to better products? They can't. So Intel can always charge premium prices for its products, and it never loses market share.

Microsoft (MSFT) software powers 95% of the world's computers. Being the youngest dividend payer on this list, Microsoft has only 6 years of uninterrupted div growth but has a 5-year dividend growth of 25%.

I thought some of you would appreciate a more aggressive income strategy... so I presented the Covered Call strategy to increase income. We buy stock in a Best of Breed company and then sell call options against the position. I will discuss below in the next section. The only difference is the duration of the call options. The covered call plays recommended in this covered call strategy typically expire between one to three months. We get these juicy option premiums while holding a stock for one to three months feels like catching the huge special dividends these firms occasionally offer.

This is a conservative covered call strategy. There is more about monthly covered calls in following sections.

The World's Greatest Income Secret

I want to introduce you to an income secret that could easily give you all the money you need for the rest of your life. Over the past years of investing money with wealthy folks, I've used this secret to help people make a small fortune. The strategy I'm talking about is an "options" strategy – but completely different from any risky options trading you've ever heard about or tried before. In fact, what I'm going to show you is actually LESS risky than owning ordinary stocks.

The technique is called "selling covered calls," which is sometimes referred to as "covered call writing." In short, covered call writing is the only income-producing idea that offers high returns and low risks when interest rates are rising. It's probably the best way to add extra income to your portfolio.

So what is covered call writing, and how does it work?

But here's the thing... The purpose of covered call writing is to generate income, not capital gains. It's the difference between buying a bond and buying a stock. Stock buyers look for capital gains. Income is secondary. Bond buyers want the income, and any gains are a bonus. Folks who write covered calls are bond buyers.

If you like the prospects of a stock and believe it could easily double or triple, then you shouldn't sell options against it. All you're doing is capping your profit potential and guaranteeing that you'll be out of the trade before it explodes higher. To put it another way, you should only sell calls against stocks that you wouldn't mind selling at the agreed upon price. If it moves higher after you're out, then who cares? You met your objective and moved on.

The trick, of course, is to keep the risk to a minimum. And we'll do that by picking the right stocks. By focusing on conservative, value-oriented stocks we'll eliminate a lot of the volatility that can wipe out several months worth of gains overnight. We'll also avoid the temptation to chase the highest-yielding covered call positions, as those tend to be the trades that are most likely to blow-up. Understand that this is different from the way in which most people approach covered call writing. Most people start by looking for options that carry the fattest premium and then find a way to justify owning the stock. That's why most people have a tough time generating consistent income through covered call writing.

Start with the proper stock selection. Once we've nailed that down, then you can move on to finding the right options to sell. Ideally, you'll be selling options that expire within three to five months, generate 15%-20% annualized returns even if the stock goes nowhere, and offer the possibility of additional capital gains on the stock.

Introduction to Covered Calls

Covered call writing is the most elementary and conservative of all option strategies. It is so conservative that it is the only option strategy allowed in retirement accounts. The best way to look at covered call writing is to look at the options market as a business. The objective of your covered call business is to produce a monthly cash flow. The merchandise with which you run your business is the stocks you hold in your investment portfolio. If you own common stock, you should be involved in the business of covered call writing. If you are not, you are letting your inventory go to waste. You are not opening your store for business. For example, when you own rental property, you rent it. If you own a bookstore, you sell books. The same analogy can be made to the stock market. The major advantage of covered call writing as an investment strategy is that it is far safer than just owning stocks or mutual funds. You generate an immediate cash return on your stock holdings, and the income (option premium) you receive offsets possible declines in the stock price.

Buying stocks is one of the most popular investing techniques in today's financial markets. Derivatives are a natural companion to stock ownership and yet most people never benefit from the advantages of options because they believe they are too "risky." It is true an option buyer can lose the entire value of their investment however the same situation exists when buying stocks. One way to limit the potential downside of stock ownership is to transfer some of the risk to another trader by writing "covered" calls on the issue. A covered call is like placing a limit order to sell the shares to someone else at a specific price (the strike price) after it is purchased. For this obligation, you receive a premium, which lowers the overall cost basis of the issue. In return, you forego a certain amount of upside potential in the stock. Investors who use this strategy are interested in earning consistent (moderate) profits while maintaining an above-average downside margin during periods of bearish market activity.

The characteristics of the covered-call position are fairly simple and the first requirement is stock ownership. When you sell (write) a call option against portfolio shares (one contract for every 100 shares owned), you agree to sell your stock at a specific price - the strike price of the option - for a given amount of time (until the option expires). In the transaction, you receive a certain amount of cash from the option buyer for their right to buy your stock, and you get to keep this money regardless of what happens to the stock in the future. At expiration, there are two possible outcomes:

1) If the stock price rises above the strike price of the sold option at expiration, the stock will "called" away (assigned) by the owner of the option. When this event

occurs, you realize a profit, providing that your cost basis in the issue is less than the strike price of the option that you sold.

2) If the stock price is below the strike price of the sold option, it will not be assigned and you keep the stock for future trades, such as selling additional options for more cash income. One thing to remember is the stock can be assigned at any time prior to the option expiration date, regardless of its price, so don't write calls against a stock you are not willing to sell.

The basic objectives of the ATM/OTM Covered Call-Writer are as follows:

1) To generate income through capital appreciation of stocks in a bullish trend. The sale of options with excess "premium" will be used to reduce the cost basis in the underlying issue. This approach will produce income generation as the extrinsic value of the option declines as time passes (time decay or Theta). Option sellers receive a premium when the option is sold that serves as income from a covered call investment.

2) Since the success of an ATM/OTM covered-call is based primarily on the movement of the underlying issue, the sold options play a smaller role in the outcome of the trade. The cash received in the initial transaction is intended to lower the overall basis of the position (providing additional downside margin for market volatility), but it will not offset a substantial decline in the stock. Obviously, position adjustments will be more frequent in order to lock-in profits and limit losses.

3) The profits achieved through a diverse selection of these covered-call plays can yield 5-10% monthly, based on (minimum) 100 share/1 contract trades and without regard to commission costs. The use of margin can increase the potential profit in each position, but it is not essential to the success of the strategy. Any income from stock sales in a ROTH IRA is tax-free (and tax-deferred in a traditional IRA).

4) Stocks in this portfolio may be held through multiple option-expiration cycles, as long as the technical character remains favorable. In addition, OTM covered-call positions can frequently be closed early for favorable gains, due to upside activity in the stock or time-value erosion in the short options.

5) All of the published candidates will be pre-screened for this strategy, however each position must be thoroughly evaluated with regard to your personal risk tolerance, experience level and portfolio outlook.

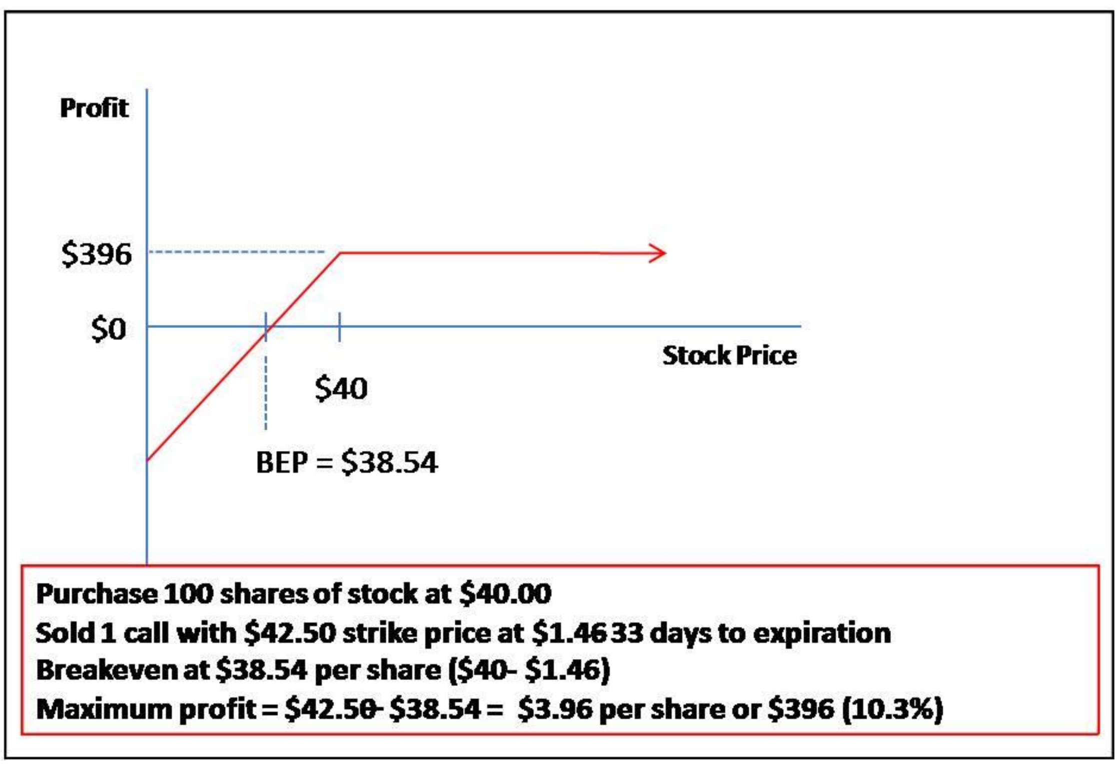
Our strategy is to be conservative through the stock selection process. Here, we look to initiate covered calls on conservative stocks with lower volatility than most other covered call services. The reason should be obvious – to lower risk of losing money.

We are protective of capital so we can continue to transfer money to the stay rich money bucket.

The investment strategy is a neutral to mildly bullish strategy. You want to write calls on stocks that are trending sideways or slightly upward (bullish). Any stock that you feel will decline is not a candidate for a call write strategy. An investor can sell calls on a core portfolio of stocks that they already hold in their account. They systemically write calls against the core stocks to generate income and protect against an small downside price moves. If the call writes expire, then the investor can sell a new call on the same stock, over and over.

Generally, I prefer to write a call at about 30 days before expiration. The rationale is that time decay occurs most in the final month of an option. This allows me to maximize my income generation and to continue call writes each month. Obviously, you can write calls for several months if the investor chooses this as his strategy. The longer the amount of days to expiration will decrease your total return on that underlying instrument.

Covered Call Strategy



The graph above shows the position simulator of this covered call trade. The chart shows the profit and loss on the vertical axis and the stock price on the horizontal axis. As long as the stock price is below the strike price $42.50, the call premium received will be retained. The maximum profit will be at the stock price of $42.50 which results in a gain of $396 or 10.3% over a 33 day trade. This equates to an annualized return of 113.9%. You can break the profit down to $1.46 (3.8%) from call premium and $2.50 (6.5%) from price appreciation from selling an out-of-money call.

Managing Your Wealth

Here's a way to automatically reward yourself by enjoying the best in life as you go. This system keeps your fulfillment-factor high, which keeps you motivated to generate more wealth. It's based on maintaining separate accounts for each area in life that is important to you personally. A great goal to have is to live on 60% of your income. With the remaining 40%, set up these automatic deposits: Set 10% aside specifically for activities that inspire you—world travel, home decorating, starting a business. Let yourself live some your dreams now! Call this your Quality of Life Account or Fun Fund.

10% could then be set aside for education. I continue to attend business seminars because I know it's an investment in my success. Every time you go out there and take another business training or learn a new skill set within your field, your return on investment (ROI) is in your personal "share value" appreciating exponentially. This is your Self-Investment Account. Now, because you are your own best investment and you're worth investing in, if ever you had incredible educational opportunities arise that cost more than the 10% that you were putting away, you could always take a personal loan and use the 10% to make the loan payments. Warren Buffett says that the single most important thing in the world that you can do in order to guarantee your wealth is to invest in your own education.

Another 10% could go into a savings account for emergencies. Having that sense of comfort and security allows you to focus on growing your business. This is your Cushion Account. Are you starting to see how this wealth management system works? Balance is a mindset. It's also a strategy. Balance the books and you can have everything now!

Then, 10% could get put aside for investing in passive income vehicles. Depending on what your risk-to-comfort-ratio is, this could be used to invest in any of the strategies outlined in Get Rich & stay Rich. This Growth Account will ultimately provide you with the financial freedom you want.

And if you can live comfortably on less than 60% of your income, you could open a fifth account for contributing to your favorite causes—your Social Investment Account. A growing number of people these days are looking for ways to make a difference with their disposable income by investing in social entrepreneurial projects. Being involved with meaningful, larger causes will make you feel rich beyond belief. This will only attract more wealth and fulfillment to you on every level. Opening a Contribution Account also provides a deeper incentive for you to go out there and make a ton of money! The more money you have, the bigger contribution you can make in the world.

Get Rich Investing Strategies

Part II - Income from Option Premiums

Don’t Bet the House – Be The House

The critical success factor for investing success is based on risk, reward and probability. The biggest mistake new option traders make is swinging for the fences. Many option subscription services tout the huge percentage of returns they can offer new option traders. Most of these services make it a point to list all of their winning trades but seldom list or average in their losing trades. It is true that you can sometimes buy a $5 call option that may trade up to $10 for a 100% gain. However, how much risk did the trader take to make this return? How consistent is these types of trades in being successful? Can you really make a consistent monthly income from these trades?

The answers to these types of questions are why we sell options to collect premiums. It is more consistent, you get paid when you enter the trade and you can calculate your risk before you enter the trade. I like to think of selling options for premium collection as operating an insurance company. In the insurance industry, you make money when something does not happen. For example, you probably have life, home and car insurance that you pay a regular premium to your insurance company in turn for coverage. The insurance company keeps your premiums if you do not have a claim. So insurance companies make money when you don’t die, your house doesn’t burn down and you do not get into a car accident.

By selling options, you are the insurance company. When you sell an option, you are giving the buyer the right to purchase shares at a predetermined price (i.e. strike price). If the price of a stock increases above the strike price of a sold call, the buyer can claim the stock at the strike price and resell it at the market price for a gain. However, if the stock fails to increase above the strike price the buyer would not want to take ownership of the stock at a loss. Since you already collected the premium on the call option, you get to keep the money paid to you from the buyer. His loss is your gain. This is why you want to own the insurance company by selling options to collect premiums.

The same can be said of casinos who know the risk, reward and probability of every game played in its house. Casinos do not go out of business too often due to gambling loses. This is because the casinos have a profit built into every game based on the player's probability of winning. This is why you hear the adage of "the house always wins." Casinos have an expected outcome that is positive for them and usually negative for the player. The horse racing tracks operate in similar fashion as they get a percentage of the total dollars bet before a payout happens. What is most important to you as an option trader is to be the house – collect premiums before the actual event ever happens.

Another interesting concept of insurance companies is they limit their risk. First, they do this by placing a value on each contract sold such as $100,000 in death benefit for a set amount of premiums over a set time period. Second, the insurance company can take a portion of premiums to purchase reinsurance to further limit their risk. The downside to this is by limiting the risk you also decrease your return. This is the same thing that option sellers do to limit risk. For example, if the option seller went naked by selling a put at a strike of $80 without the insurance of buying an additional put for protection, they could lose a significant amount of money. In this case, they could lose $80 times 100 shares for each put sold. Selling "naked" or uncovered options have ruined many a trader and company in the past. To Get Rich, we never sell an insurance policy with no limit to the amount of claim. You will see this when we discuss covered calls, options spreads and iron condors as they all limit the amount of risk and potential loss.

If there is no claim to money collected by the insurance company, what do they do with the cash? They take the collected premiums and invest them in stocks and bonds to make more money. This is such a cool concept. Insurance companies collect your premium to invest or the company until they have a claim. This is the same principle of the Get Rich – Stay Rich program. We sell options to collect premiums, and then we re-invest this money in less risky monthly dividend payers and the Fund of Fund Portfolio until we decide we need to claim the money. The Get Rich – Stay Rich concept is a long-term, successful business model proven by the insurance industry over decades of use.

Options Terminology Primer

Before we proceed to discussions involving the Get Rich strategies that use options, I want to share a basic primer on the terminology of options. If you are familiar with options, you may want to skip this section. For those new to options, you can use this section as a reference guide as you start to learn how options work in the market.

Intrinsic Value: The amount by which an option is in the money. For example, a 95 call on a $100 stock is said to have an intrinsic value of $5 ($100 stock price - $95 strike price).

Extrinsic Value: The portion of an option value that cannot be attributed to intrinsic value. For example, a 95 call is selling for $6.50 with the stock price at $100. The extrinsic value is $1.50 ($6.50 option price - $5 intrinsic value).

Delta: The rate of change of an option's assessed value to a $1.00 move in the underlying instrument. For example, a option with a delta of 0.5 is expected to change price of $0.50 for every $1 move in the instrument.

Theta: The rate of change in an option value due to the change in periods of time. This is generally referred to as the decay of time in the time value of the option. Theta may be expressed as the amount of erosion of assessed value over one day in time.

Gamma: The rate of change in delta with a $1.00 change in the price of an underlying instrument. This is a measure of how much delta will change when the stock price changes.

Vega: The rate of change of an option's value due to a change in implied volatility of the underlying instrument. Vega is the rate of change when implied volatility changes 1%.

Introduction to Spread Trading

In option markets there are many ways to trade for profit. The most common strategy involves speculating on the direction in which the underlying security will move. If a trader correctly predicts the market direction and takes the appropriate position he can expect to make a profit. But even when the market moves in the expected direction, owning the correct position (call or put) will not necessarily be profitable. The problem is, while the trader is waiting for the option's price to move towards its theoretical value, the position is at risk from a wide variety of changes in the market which threaten its potential profit. For this reason, the majority of successful derivatives traders engage in spread trading.

A spread is a strategy which involves the buying and selling of simultaneous but opposing positions in different option series. The use of spreads or stock/option combinations is simply a way for traders to take advantage of favorably priced options, while at the same time reducing the effects of short-term changes in the market so that he or she can safely hold an option position to maturity. Spreading techniques basically help to maintain an acceptable level of profit while limiting potential losses and although there is no "perfect" strategy in the options market, successful traders attempt to reduce risk as much as possible in every portfolio position.

Credit Spread Basics

A credit spread is a simple strategy that allows options traders to have time decay work in their favor while maintaining a favorable risk-reward outlook. To initiate a bullish credit spread, an investor would simultaneously write a put option and buy a put option that expire at the same time, but with different strike prices. The written option is closer to the price of the underlying issue than the purchased option, and therefore has a higher premium. Investors will receive a credit in their account, hence the name "credit spread." The objective is for both options to expire worthless so that investors can keep all of the credit (profit) in their account. Normally, a credit spread investor trades front-month options only, as the time decay evaporates most rapidly in the final month ahead of expiration. The time erosion benefits credit spreads, assuming no change in the other variables that affect option pricing such as the underlying security's price, option volatility, dividends, or interest rates.

Strategy Specifics - Bullish Put-Credit Spread

The bull-put spread consists of the purchase of one put, and the sale of another put with a higher strike price. An investor would use this strategy when he believes that the stock price will remain above the strike price sold at the end of the strike period. The position will yield a credit and this is the maximum amount of profit the investor can earn with this strategy. The short Put generates income, whereas the long Put's main purpose is to offset assignment risk. Because of the relationship between the two strike prices, the investor will always be paid a premium (credit) when initiating this position. This strategy entails precisely limited risk and reward potential. The most this spread can earn is the net premium received at the outset, which is likeliest if the stock price stays steady or rises.

The maximum loss is limited. The worst that can happen is for the stock price to be below the lower strike at expiration. In that case, the investor will be assigned on the short Put and will exercise the long Put. The simultaneous exercise and assignment will mean buying the stock at the higher strike and selling it at the lower strike. The maximum loss is the difference between the strikes, less the credit received when putting on the position. Of course, if the stock price moves close to the sold put position you can buy back the put to exit the position.

Regardless of the theoretical impact of time erosion on the two contracts, it makes sense to think the passage of time would be a positive. This strategy generates net up-front premium income, which represents the most the investor can make on the strategy. If there are to be any claims against it, they must be occur by expiration. As expiration nears, so does the date after which the investor is free of those obligations.

The risk/reward calculations are:

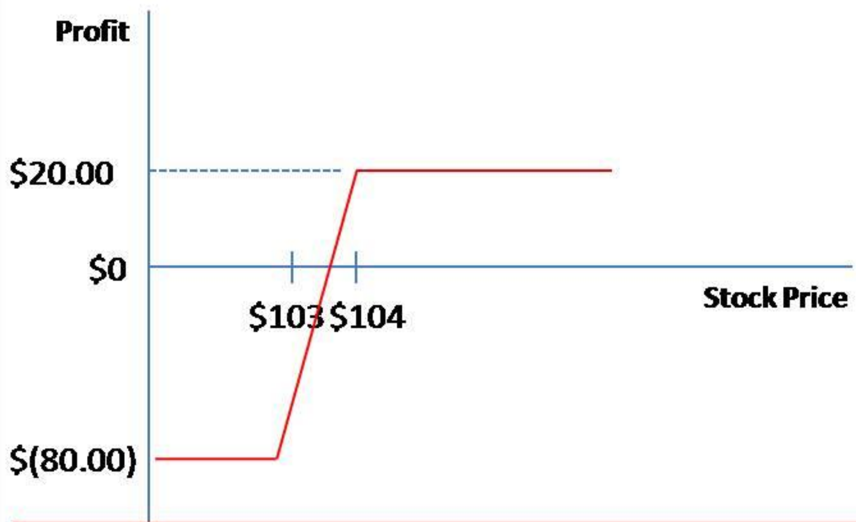
Maximum profit = the initial (net) credit received

Maximum risk/collateral requirement = the difference between the strike prices - the net credit received

Break-even point = the sold (put) strike price - the net credit

Return On Investment = credit received / position collateral

Bull Put Credit Spread



Sell 1 \$104 Put for \$1.53 & Purchase 1 \$103 Put for \$1.33
Credit of \$.20 per put spread with option requirement of .80
Breakeven at \$103.80
Maximum profit = \$20 ROI = 25% (.20 / .80)

Strategy Specifics - Bearish Call-Credit Spread

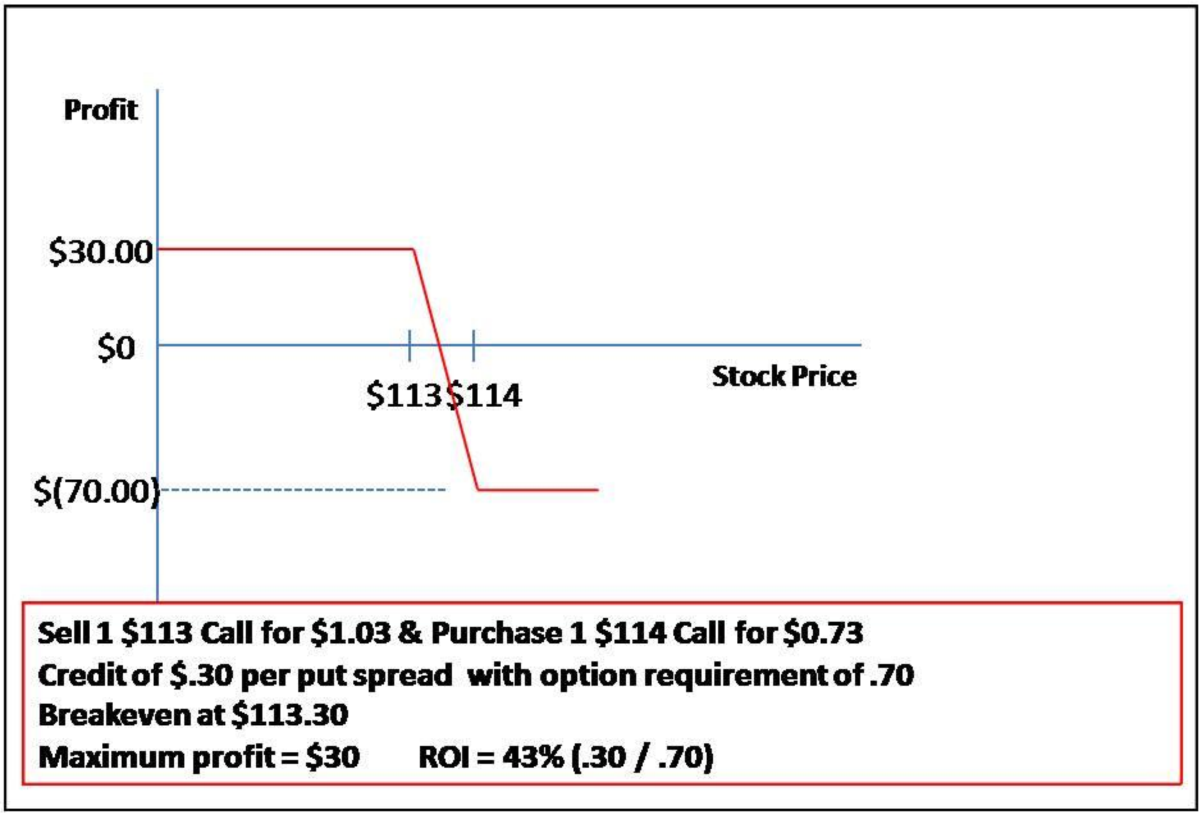
The bear-call spread involves the purchase of one call (higher strike) and the sale of a lower strike price call. This spread also produces a credit and the amount is the maximum profit gained in the play. The spread remains profitable if the underlying security closes below the lower strike price and the objective is for both options to expire worthless. This position requires the same collateral as the bull-put spread.

The short Call's main purpose is to generate income, whereas the long Call simply helps limit the risk from possible assignment. The profitability of the strategy depends on how much of the initial premium revenue is retained before the strategy is closed out or expires. As the strategy's name suggests, it does best if the stock stays below the lower strike price for the duration of the options. Still, an unexpected rally should not provoke a crisis: though the maximum gain of this strategy is very limited, so are potential losses.

The maximum loss is limited. The worst that can happen at expiration is for the stock price to be above the higher strike. In that case, the investor will be assigned on the short Call, now deep-in-the-money, and will exercise the long Call. The simultaneous exercise and assignment will mean selling the stock at the lower strike and buying the stock at the higher strike. The maximum loss is the difference between the two strikes, but it is reduced by the net credit received at the outset.

Again, it makes sense to think the passage of time would be a positive. This strategy generates net up-front premium income, which represents the most the investor can make on the strategy. If there are to be any claims against it, they must be occur by expiration. As expiration nears, so does the date after which the investor is free of those obligations.

Bear Call Credit Spread



The risk/reward calculations are:

Maximum profit = the net credit received

Maximum risk/collateral requirement = the difference between the strike prices - the net credit received

Break-even point = the price of the sold (call) strike + the net credit

Strategy Advantages

Most option spread strategies take advantage of the laws of probability by enabling a trader to remain in a directional option positions over longer periods of time. They also help to maintain acceptable profit potential while reducing short-term risk. While there is no perfect position in option trading, successful investors learn to "spread-off" risk in as many different ways as possible, minimizing the effects of undesirable market activity. You will not be able completely eliminate the risk, but you can reduce it much more than an inexperienced trader who does not use all of the available strategies.

Position Management

Spreads and other types of combinations, as well as all option trading techniques, need to have some type of exit point in case the market, stock, and/or sector or industry group moves in the opposite direction from that which is expected. In fact, learning when to initiate a closing transaction is probably the most important aspect of becoming a successful trader. In addition, the success of a high probability/low profit strategy such as (OTM) credit spreads is keeping losses at a minimum. There are never any big winners to offset the big losers, so there simply can't be any big losers. Obviously, a gapping issue will occasionally wipe out a portion of previous gains and there is nothing you can do about it. At the same time, you must manage the remaining positions effectively or there will be no profits to offset the (rare) catastrophic losers.

A spread trader has many different alternatives when the underlying issue moves beyond the sold strike price in a combination position but in most cases, the appropriate action should be taken prior to that event, when the issue experiences a technical change in character (such as "breaking-out" of a trading range or closing above/below a moving average). Most methods for taking profits and preventing losses, as well as making adjustments or rolling up/down and out to new positions, fit into one of two categories: a pre-arranged target profit or loss limit; or a technical exit based on the chart indications of the issue. The first technique, using a mechanical or mental closing stop to terminate a play or initiate a roll-out, is simple as long as you adhere to the initially established limits. The alternative method, a technical-based exit, is more difficult. However, there are many different indicators available to establish an acceptable exit point; moving averages, trend-lines, and previous highs/lows, and with this type of loss-limiting system, you exit the play after a violation of a pre-determined level. In any case, the closing trade or adjustment should be based on the existing market, sector, and industry group conditions, as well as the current outlook for the underlying issue and the ratio of potential gain to additional risk.

One outstanding principle that new investors fail to adhere to is the need to outline a basic exit strategy, before initiating any position, to eliminate emotional decisions. This plan must be simple enough to implement while monitoring a portfolio of plays in a volatile market. In addition, these exit/adjustment rules should apply across a range of situations and be designed to compensate for one's weaknesses and inadequacies. Also, to be effective in the long term, they must be formulated to help maintain discipline on a general basis and at the same time, offer a timely memory aid for difficult situations. Using this type of system addresses a number of problems, but the most significant obstacle it eliminates is the need for "judgment under fire." In short, a sound exit strategy will help you avoid exposing your portfolio to excessive losses and that's important because the science of successful trading is far less dependent on making profits, but rather on avoiding undue outflows.

Specific Exit/Adjustment Strategies

Credit spreads are one of my favorite strategies and there are a few ways to limit potential losses or even capitalize on a reversal (or transition) to a new trend. With bullish credit spreads, there are three common methods to exit or cover a losing position and the alternatives range from "legging-out" or "rolling" into a long-term spread to "shorting" the underlying issue. (Bearish spreads offer similar adjustment opportunities but with calls and long stock positions.) The first alternative is to simply close the position at a debit and register the loss. Or, you can use a popular exit technique among day-traders; covering (by shorting the stock) the sold option as the stock moves through the short strike. This is a great method for bailing out on an issue in which the trend or technical character has changed significantly due to news or events, but you must be prepared to repurchase the stock in the event of a recovery.

Another strategy is to attempt a "roll-out" of the spread for a small profit or at least a break-even exit. To roll-out of a credit spread (in the current expiration period), place an order to close the short option when the stock trades, and preferably closes, below technical support or a well-established trend line or moving average on heavy volume. There are certainly more precise signals that can be used but this simple technique is based on the probability that, once a reversal has occurred, the stock should continue to move in that direction. After the sold (short) option is repurchased, wait for the new trend to lose momentum and sell the long position to close the entire play. It is a difficult technique to perform when emotion enters the formula but it works well once you become experienced at it. The key to success is using the method at known support levels or after obvious reversal signals, otherwise you are simply speculating about the stock's next move.

Finally, there modified version of the "roll-out" that involves a transition to longer-term options. This approach works best when the price of the underlying issue is near the sold option strike, but has not endured a significant change in (technical) character. To initiate this strategy, the current spread is closed and a new spread is opened with lower strikes and/or a more-distant expiration, in the best possible combination that will achieve a credit in the trade. The most optimum adjustment would use the same strikes in the closest available month, so that you would be selling the highest relative premium without committing to a long-term position. Obviously, this outcome is not always possible, and I caution against using this technique on all but the most high quality (blue-chip portfolio) issues, as you can quickly run out of downside margin if the stock declines further.

One thought I would add concerning position adjustments (as opposed to position exits) is that in almost every case, the decision you make about a specific trade should be based on your analysis of the underlying issue and your forecast for its future movement. That assessment is then factored into the risk-reward outlook for the strategy and the specific position you are considering. Of course, that's a very subjective task and the best advice I have seen on the subject is: If conditions dictate that a new position in the issue is viable, based on the fundamental/technical indications, the size of the premium/credit, and your personal criteria regarding the profit/loss outlook, then it should be considered as a candidate along with any other potential plays currently being evaluated.

The great thing about spreads is that once you understand them, you can turn many losing plays into winning ones with the effective use of stops and by rolling out-of/in-to new positions when the stock moves against you. When you do lose, at least you have reduced your losses by leveraging against another position. In all cases where an attempt to recover a losing position is made, you must be prepared for further draw-downs and have thorough knowledge of the strategy. Also, as with any trading technique, it must be evaluated for portfolio suitability and reviewed with regard to your personal approach and trading style.

Introduction to Calendar (Time) Spread Trading

When you are fairly neutral on the market or a specific stock and you want to generate additional income from your investments, there is an option strategy that is worth your consideration. This strategy involves selling an option with a nearby expiration, against the purchase of an option (with the same strike price) which has an expiration date that is further out.

A Calendar Spread is an option spread where the strike prices are the same, but they have different expiration dates. These spreads are also referred to as horizontal spreads or time spreads.

Calendar spreads can provide a way to add value to your portfolio through your purchase of a long term option with a reduced cost basis, provided by a near term option that you sold.

One very favorable point to a Calendar Spread is the value of time decay. Although both options lose time value as time passes, the option you sold loses value much more quickly than the option you bought. Therefore, if your prediction of a neutral market is correct, the value of your Calendar Spread will increase as time passes. A Calendar Spread takes advantage of time value differentials during neutral markets. In essence, you are selling a short-dated option and buying a longer-dated option. This means that the result is a net debit to the account. In fact, the sale of the short-dated option reduces the price of the long-dated option, making the trade less expensive than buying the long-dated option outright. Because the two options expire in different months, this trade can take on many different forms as expiration months pass.

The first step in planning a trade is to identify a market sentiment forecast what market conditions will be like over the next few months. Let's assume that we have a bearish outlook on the market and that the overall sentiment doesn't show any signs of changing over the next few months. In this case, we ought to consider a put calendar spread. If you are bullish, you can consider a call calendar spread. This strategy can be applied to a stock, index or ETF that offers options. However, for the best results, consider a vehicle that is extremely liquid with a high trading volume.

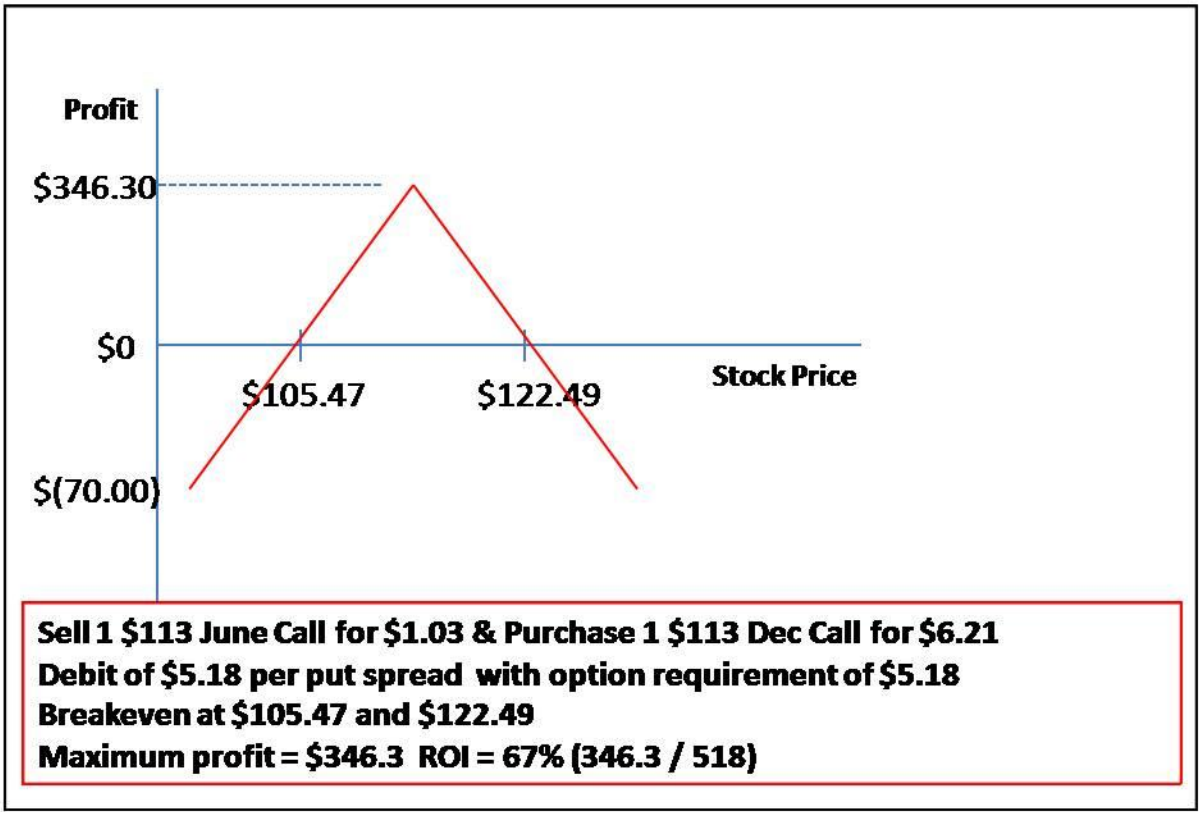
One of my favorite time spreads is purchasing a LEAP on the stock and sell the short option against the LEAP. This is like a covered call except you are using the LEAP in place of purchasing the actual stock. This creates a situation where you can control more stock at a lower capital expense since the LEAP can be purchased at a fraction of the actual stock price. This will increase your total return percentage to levels at and above 20% in winning trades. By treating this trade like a covered call, it will help you pick expiration months quickly. When selecting the expiration date of the long option, it is wise to go at least two to three months out. This will depend largely on your forecast. However, when selecting the short strike, it is a good practice to always sell the shortest dated option available. These options lose value the fastest, and can be rolled out month-to-month over the life of the trade.

When the near term option expires, you have several alternatives. If you are still predicting a neutral market, you can hold on to your long position, if there is sufficient time left on it, and sell another short term option against that long position. If you are dealing in calls and you fear that the market may go down, you can close out your long position and take the profits. If you are dealing in calls and you predict a more bullish market, you could just hang on to your long position and take a larger profit in the future. In any of the cases, your cost basis on your long position was reduced by the premium you collected from the option you sold.

Another popular way the calendar spread is employed is in the simple rolling out of a position nearing expiry to a later month. If you have sold a covered call and it is about to expire, you may want to roll it out to a later month to collect more premium. This is also done to avoid having the stock called away from you.

It is also important to cover risks and caveats of this strategy. Your loss is limited to the net premium you paid (the money you paid for the option you purchased minus the money you received for the near-term option you sold.

Calendar (Time) Debit Spread



Rules for Calendar Spreads - sell an ATM in front month and buy an ATM in back month.

You are looking at stocks that are trading sideways with not much price increase in recent months. The goal is to select a stock that will stay in the existing trading range. For example, you want boring stocks with low volatility - not free movers such as biotechnology stocks. In the typical version of this strategy, a rise in the overall implied volatility of a market's options during the trade will tend very strongly to be to the trader's advantage, and a decline in implied volatility will tend strongly to work to the trader's disadvantage.

You make money by time decay on sold option and when volatility increases.

1. Intrinsic volatility should be below 30
2. No major announcements (earnings, FDA, merger, etc.) in the month you are selling
3. Get the intrinsic volatility range (low & high IV) of the stock for the last 2 years
4. The long option should be near the low of the IV range

5. You want a negative skew less than 2 (short IV > long IV)

6. The short option should bring a minimum of $0.50

Introduction to Iron Condor Trading

The Iron Condor is an advanced option trading strategy utilizing two vertical spreads – a Bull Put Spread and a Bear Call Spread with the same expiration. The number of call spreads will be equal to the number of put spreads.

The position is so named due to the shape of the profit/loss graph, which loosely resembles a large-bodied bird, such as a condor. In keeping with this analogy, traders often refer to the inner options collectively as the "body" and the outer options as the "wings". The word Iron in the name of this position indicates that, like an Iron Butterfly, this position is played across the current spot price of the underlying instrument having one vertical spread below and one vertical spread above the current spot price. This distinguishes the position from a plain Condor position, which would be played with all strikes above, or below the current spot price of the underlying instrument. A Call Condor would be played with all call contracts and a Put Condor would be played with all put contracts.

One of the practical advantages of an Iron Condor over a single vertical spread (a put spread or call spread), is that the initial and maintenance margin requirements for the Iron Condor is often the same as the margin requirements for a single vertical spread, yet the Iron Condor offers the profit potential of two net credit premiums instead of only one. This can significantly improve the potential rate of return on capital risked when the trader doesn't expect the underlying instrument's spot price to change significantly.

Another practical advantage of the Iron Condor is that if the spot price of the underlying is between the inner strikes towards the end of the option contract, the trader can avoid additional transaction charges by simply letting some or all of the options contracts expire. If the trader is uncomfortable, however, with the proximity of the underlying's spot price to one of the inner strikes and/or is concerned about pin risk, then the trader can close one or both sides of the position by first re-purchasing the written options and then selling the purchased options.

Rules for Iron Condors - selling a credit put spread out-of-the-money and selling a credit call spread out-of-the-money.

To find condor candidates, price > $75 with IV < 30% for a conservative trade and price > $45 and IV > 30% for aggressive trade. Look at SPX, OEX, NDX, SOX and S&P 500 Futures as candidates for condors. You want to put the trade on for 30 to 55 days. Sell the call and put strike prices at one standard deviation or more away from current price.

1. You want to place your spread strike prices at least one standard deviation from current price as this gives you the odds of 68% for being right.

2. Every trade should start by determining the standard deviations of the asset - most trading software will graph the profit and probability of a proposed trade.

3. The one standard deviation rule is the best way to manage your risk for each condor trade.

4. The risk to reward for a condor is always terrible as you can always potentially lose more than you stand to make on a trade. You make money by managing your risk so you put together a long string of winning trades while minimizing any losses.

5. Make adjustments if price moves within 10 points of strike price if more than 20 days to expiration; within 5 points of strike price if less than 20 days to expiration.

6. If more than 20 days and price within 10 points of strike - adjustment will be to close both the call and put positions of your current condor - then open a new condor that is one standard deviation from the new asset price but is 50% larger than closed position (I.e. closed 10 contracts - then open 15 contracts on the adjustment) to compensate for the lost on your closed condor.

7. The one exception to making an adjustment is when you have a large price gap - just close your open position and do not make an adjustment.

8. Exit the trade when either side drops to $0.20 by closing position or rolling out to next month.

Other Types of Adjustments

1. The 200 Percent Rule: When the debit to close is greater than or equal to 200

percent of the original credit, close all of the spreads on that side.

2. Closing Spreads: When your trigger point is reached, close 30 percent to 40

percent of the spreads on that side.

3. The Buy Back: When your trigger point is reached, buy back some of the short

options (buy 1 option for every 10 spreads).

4. The Long Hedge: When your trigger point is reached, buy long options at the short strike in the next month (buy 1 option for every 10 spreads).

5. Rolling Spreads: When you close all of the spreads on a side, you may choose to roll up or down to continue the trade.

How to Trade the Iron Condor

If I was starting an NFL team today, my mascot would be the condor. It would be a ferocious bird with an awesome wingspan wearing iron amour. If trading the iron condor was a football game, you would want to get a lead and run out the clock in the fourth quarter.

The iron condor is an option spread made up of both call options and put options on the same stock or index. It is constructed by purchasing one put option at the lowest strike price and selling one put option at a higher strike price. Selling one call option at a higher strike price and buying one call at an even higher strike price. All options have the same expiration month and the increments between option strikes prices is the same for each spread. The ratio of long put to short put to long call to short call is generally 1:1:1:1. An investor holding this position is said to be long an iron condor.

An iron condor constructed as above will always be a net credit trade. This means you will pay less for the two long positions than you receive for selling the two short positions. The credit received is the maximum profit for the trade. The expectation of this trade is neutral so the investor wants the stock (or index) to settle between the two middle strike prices at expiration. Since this is a net credit trade, time decay is your way to profit.

In general, most investors will put this trade on by constructing all options at the same time. There is nothing wrong with this approach as you can still maximize your profits doing this. But what if you could increase your chances of being correct more frequently? Here is a strategy that will help you get better results.

The attached chart is of the Diamond trust (DIA) Index. When you select the strike prices for the iron condor, the farthest strike from the current price gives you a greater probability of not hitting that strike before expiration. This strategy requires you to add standard deviation lines to your stock or index price chart.

In the attached chart, the red lines are 1.0 standard deviations from the price while the blue lines are 2.0 std dev away. In this strategy, the red lines act as the trigger while the blue lines determine the strike price for your options. Now, the key to maximize your probabilities is to enter each side of the iron condor separately! As the actual index price moves in the direction of a red line (1.0 std dev), you enter the spread in the opposite direction.

In the chart, as the price of DIA decreases to around 95 and touches the lower red line you should enter the call spread at a strike price above the blue line (sell the 105 and buy the 110). At this time, you have only entered the call spread and NOT the put spread. You can enter the put spread when the DIA price moves above the center line at around $100. The put spread will be to sell the 90 put and buy the 85 put. This completes you iron condor with middle strike prices of 90 and 105. These strike prices are 2.0 standard deviations away from the center line. The next two blue arrows indicate entry's for the next condor on DIA. As you can see in this chart, the DIA price never came close to the blue lines.

This strategy suggests that you look at entering the condor between 30 to 45 days prior to expiration. So at mid-month, you will enter options for the next month rather than the current month. This will give you time to allow the stock price to move across the center line in both directions for entry triggers. In the event that the price moves in one direction but does not reverse, you just let you credit spread expire and keep the net credit amount.

Success with this strategy requires your judgment on entering the spreads at different times. The standard deviation lines make your judgment more objective and simply. When looking at the entry trigger, you do not need to worry about waiting for the price to touch the red line. You can enter this spread if the price is in the middle of the center-line and red. Just use your best judgment as you are entering the spread that is opposite to the price direction.

You can use your normal method to exit the condor. This includes letting the spreads expire, buying them back a week before expiration, etc. If the price approaches a blue line, you can buy back the spread or settle at expiration. With this strategy, one side of the condor must be profitable and expire worthless. It is the hope of this strategy to get both sides of the condor to expire worthless.

Conclusions:

• Iron condor spreads can be configured as conservative income-generation trades.

• All condor spreads have high risk-reward ratios, i.e., we can lose $7 to $9 for every dollar of potential profit. Therefore, risk management is crucial.

• Risk management consists of:

a. Always have a plan and unemotionally follow the plan.

b. Always have a protective contingency stop-loss order set on the downside.

c. Adjust when necessary. Adjusting too early reduces profits, but adjusting too late results in large losses.

Get Rich Investing Strategies

Part III -Investing Success Secrets

Sell Options with Less Than 40 Days to Expiration

The greatest income producer from selling options is time decay. The greatest amount of time decay occurs closer to the date of expiration. To maximize that amount of income from time decay, you should sell options with less than 40 days to expiration. This is the period of time were you get the largest amount of time decay.

The table below shows the option bid price for calls on the SPY ETF which parallels the S&P 500. The table exhibits the calls for the March and April expiration months. The call strike prices range from 112 to 116 with the SPY trading at 113.86 at the time of the option bid prices. For example, you just purchased 100 shares of the SPY at the market price of $113.86. You want to sell a call at the strike price of $114 to set up an out-of-the-money covered call. What month should you sell a call at 114?

The 114 call for April is selling for $2.09 per share while the March is only selling for $1.12 per share. The April 114 call is selling for almost twice the March call. Most eople may decide to go for the most money and purchase the April calls. However, if you look at the amount of dollars per day the April 114 call has $.05 of value per day. In contrast, the March 114 call has a value of $.08 per day which is $.03 more per day than the April 114 calls. Now what should you do? The answer is to go with the March 114 call trading at a value of $.08 per day because this is the amount of income or time decay per day you are earning. Then, at expiration you can sell the April 114 calls for more income.

The lesson is to sell options with less than 40 days to expiration. This allows you to sell the option month after month to maximize your income opportunities until you are called away or sell your position.

SPY Trading at $113.86 on March 5, 2010

March Call Prices - 14 Days to Expiration

Month	Strike Price	Bid	$ per Day
Mar-10	112	2.41	0.17
Mar-10	113	1.70	0.12
Mar-10	114	1.12	0.08
Mar-10	115	0.68	0.05
Mar-10	116	0.38	0.03

April Call Prices - 42 Days to Expiration

Month	Strike Price	Bid	$ per Day
Apr-10	112	3.30	0.08
Apr-10	113	2.66	0.06
Apr-10	114	2.09	0.05
Apr-10	115	1.60	0.04
Apr-10	116	1.19	0.03

How to be a Better Trader

Many traders start with a great idea of how to have a market advantage but fail to be successful at trading. Regardless of the type of trader you want to be, you must follow the basic rules of trading to be successful. It is not always the smartest person who wins but the person with the best trading plans and the discipline to stay the course. Here are some tips to help improve your results.

1. Have a trading plan. You must have a solid trading plan that outlines how much capital to risk, when to enter a trade and an exit strategy for all possible outcomes. You must be consistent to keep your losers small and let your winners run the course. You must stay on plan to learn from your mistakes. You will not know how you're doing if you keep changing your approach.

2. Test your trading strategy before trading live. You should be able to profit consistently in a simulated trading environment before risking your capital. You can shorten the learning horizon by back-testing your trading plan. By testing first, you will have a profit target and probability of winning trades as a measure of your trading plan.

3. Conduct a detailed due diligence before trading. You must evaluate what brokerage and type of account will work best with your trading plan. For example, if you trading plan requires only a few trades each month you can use a lost cost, fixed fee brokerage such as Scottrade, Options Express and others. However, if you plan to make a significant number of trades each day then the $7 to $14 per trade will be a higher cost to trade. In this case you want to use a high volume brokerage that lowers per trade cost for active traders.

4. Always manage your risk to protect capital. You must determine how much money to risk on each trade so you do not get wiped out on a single trade. It is always best to take a small loss to live to trade another day. If you allow your draw-down to be too large, then you will have poor results because of insufficient amount of capital. You should know the approximate amount of draw-down for your trading plan from your testing in step 2 above.

5. Use trade stops to preserve capital. Nearly all brokerages have the ability to place a stop loss or trailing stop for each trade. Trade stops are a major component of preserving capital and minimizing risk. A stop is where you determine the maximum amount you can lose if the market goes against you. It is best to have a stop in place before you need it to keep your emotions out of the trade.

6. Try to diversify your trading so all your eggs are not in one basket. You don't want to place all of your capital in one trade in case this trade blows up and takes you out of the game. You should try to diversify across a number of trades or asset classes to spread out your risk.

7. Maintain your trading disciple at all times. When you start trading your plan, you must have hard rules that remove your emotions from affecting your trading. When you have risk of financial loss, your emotions can increase your stress levels and change your trading pattern based on your present feelings at the time. If you build discipline into your trading plan, you will be able to remove emotional responses from your trades.

Trading is a very challenging career that can be extremely rewarding. The real secret is not found in a holy grail but depends on how you trade the plan. A good trading plan with strong discipline built in will significantly increase your chances of being a top trader. Success is as simple as plan to trade and trade the plan.

Investing is a Real Business

You can setup your investing business as a legal entity to increase your returns. Business treatment gives full ordinary loss deductions (including home office, education, start-up Section 195, organization expenses, margin interest, and much more), whereas investment expenses are very limited, only allowed in excess of 2 percent of adjusted gross income (AGI), and not deductible against the alternative minimum tax (AMT). There are special rules for (pre-business) start-up expenses (Section 195), organization expenses, education, travel to seminars, and home-office expenses. You need trader tax status to deduct these items.

I run my investing business as a trading corporation. I can expense the cost of doing business. In addition, I use my corporation to cover medical expenses, education expenses and several additional items as approved by the IRS. The really cool thing about a legal entity setup is that the business expenses are deducted from your investing income before taxes. This results in less taxation and more money for you. This is a very effective method to manage the option trading that occurs in the Get Rich bucket. Here is a list of details about creating a trading entity.

(1) Establish a legal entity, such as an LLC or corporation in your state of choice. Typically, you will register it in your home state. There are some individuals who choose to use a state such as Delaware or Nevada that does not have a state corporate income tax. After completing the IRS SS-4 form, you will be issued an Employer Identification Number (EIN). That is the identifying number that the IRS uses for your new business. The next step is to transfer your brokerage account, or some portion of it, out of your personal social security number, and into the new EIN.

(2) At this point, business can begin and all "ordinary and necessary" business expenses incurred in your business of money management are 100% deductible. Of course, meal and entertainment expenses are subject to a 50% limit. It is very exciting to offset trading gains with expenses you are currently incurring, such as computers, training, subscriptions, office expenses, meals with fellow traders, and internet access.

(3) An LLC is a popular choice for traders. An LLC is considered a "pass-through" tax entity. What does that mean? Simply that the LLC itself does not pay taxes at the entity level. The tax liability flows through to the owners of the business at the individual tax rate based on their percentage of ownership.

(4) If you are in a high tax bracket, you want to lower the income reported on your personal income tax return. In such a case, you could set up a C-corporation and have it both own a portion, and act as the manager of your LLC. The percentage of ownership of the LLC will be based on your individual tax liability scenario.

(5) The corporation, as opposed to the pass-through LLC, is a taxable entity. Let's look at an example: If the corporation owns 40% of your LLC, and the LLC earns $100,000, the corporation would be responsible for $40,000 in taxable income. That currently would be taxed at the lowest corporate rate of 15%. Compare that scenario to not having a corporate minority owner and having the $40,000 added to your 31% individual tax bracket.

(6) The corporation and LLC strategy is the most tax effective way to run your trading business. I do not recommend that anyone file as a "trader in securities" on their personal return. The chances of audit are too high, and the criteria to qualify are too steep. The safest and most effective way to manage your trading capital is to place it in a LLC, with a secondary member that can either be a corporation or something else, depending on your circumstances.

You should seek professional advice before setting up your investing as a trading business. The professional can help you determine the best business structure for your situation. There are a number of trading companies listed online that you should be able to find on Google or Bing.

Summary – How to HyperCompound Your Money

Here is a list of action items to get started:

1. Start your brokerage account by adding options as a trading strategy. Initially, start trading conservative covered calls. You can take the money made by selling calls and invest in your chosen monthly dividend ETF. You will want to update the list of EFTs by determining which has the highest discount and yield to calculate total return. If you sort the ETF list descending by total return, the best investment choice will be in the first position.

2. Re-invest all monthly distributions from your monthly dividend ETFs and stock dividends from covered call positions in purchasing new shares of the highest ranked ETF in item number 1.

3. Implement the Fund of Funds Portfolio in your 401K or other retirement account. Update the list of ETFs based on the average of the 3-month, 6-month and 12-month returns. Invest in the top 5 ETFs ranked descending by average return. Make sure each ETF is trading above its 100-day simple moving average before entering that specific ETF. Update this process once per month by changing ETFs if they fall below their 100-day SMA or fall below the top 5 ranking ETFs.

4. Optional: Begin practicing selling credit spreads, calendar spreads and condors in a fake trading account. You must make a positive return in 3 consecutive months before using this strategy live. You can select which or all strategies to practice trading. Once accomplished, add selling options to your strategy in your brokerage account. Re-invest the wins in the monthly dividend ETFs.

5. Continue to move forward with Get Rich income generation and Stay Rich conservative investing to grow your wealth and income until you are financially independent.

Disclosures and Disclaimers

Buying and selling stocks and options involves risks and may not be suitable for all investors. Prior to buying or selling an option, the investor must receive a copy of the booklet, Characteristics and Risks of Standardized Options, from your broker or from The Options Clearing Corporation, 1 North Wacker Drive, Suite 500, Chicago, IL 60606.

The information in this presentation is presented for educational purposes only. It should not be construed as a recommendation or solicitation to buy or sell options. Many examples of options trades are presented in this presentation as illustrations of the principles being taught in this course. These examples are not recommendations or solicitations to buy or sell any stock or option.

To simplify the calculations, commission costs have not been included in the examples in this presentation. Commission costs will affect the outcome of any stock or options trade and must be considered prior to entering the transaction.

No representation is being made that any account will or is likely to achieve profits or losses similar to those discussed in this presentation. The past performance of any trading system or methodology is not necessarily indicative of future results.