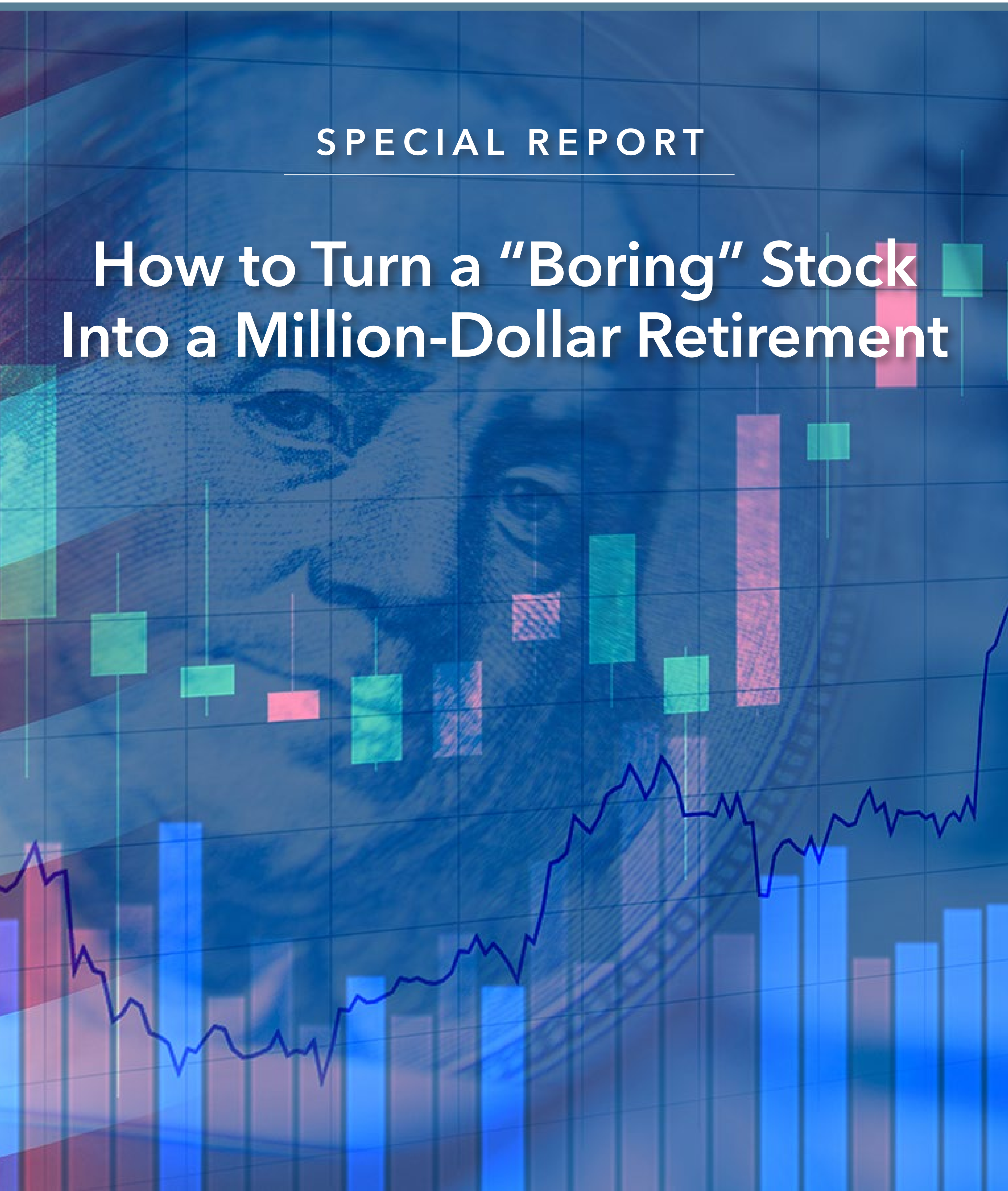
JEFF CLARK TRADER

SPECIAL REPORT

How to Turn a "Boring" Stock Into a Million-Dollar Retirement



How to Turn a "Boring" Stock Into a Million-Dollar Retirement

By Jeff Clark, editor, *Jeff Clark Trader*

I don't consider myself a "gold bug."

I don't sit on the board of any gold companies. I don't have a background in geology. And, I've never trekked through the jungles, searching for buried treasure.

But, I've found a way to help everyday people make all the money they need – through the gold markets.

I've been able to play one single "boring" gold stock – yes, just one – and make more than enough money to fund a healthy retirement.

You don't have to buy and hold a bunch of stocks, or even require any investing knowledge. It's not complicated. It's easy to make money in the stock market – if you just keep it simple.

In this report, you'll read the ins and outs of my strategy, where you'll learn how to spot a specific pattern in the chart of this single "boring" stock (one you've probably never even heard of)... Then, you'll learn how to use it to potentially generate a steady stream of income.

All you have to do is spend a few moments each day determining which pattern the stock is in. Then, you implement an option strategy best designed to take advantage of those patterns.

That's right... This guide is actually an options trading manifesto.

This method helped me retire from money management at 42... And, I still use it to generate tens of thousands of dollars every year. Now I'm going to show you how to do it, too.

First up, what is an option trade, exactly? Read on...

WHAT IS AN OPTION?

Let's start from the very beginning. What is an option? An option contract (option for short) is a type of security that acts as an agreement to buy or sell shares of stock at a certain price and by a certain date.

Call options – what we'll be focusing on in this report – are essentially an agreement to buy the underlying stock. Put options are an agreement to sell.

Note that these option contracts are *voluntary* agreements. You have the right to buy or sell the underlying stock with an option, but you're not forced to unless the option contract expires under certain conditions. That condition is whether the contract expires "in the money" – meaning the price of the underlying stock is near, or equivalent to, the strike price your option contract is for (the price you agree to pay for the underlying stock).

These option contracts trade on the open market with fluctuating prices. The price you pay for an option is called the "premium."

So when you buy a call option, you are essentially purchasing insurance on the price of a stock. You hold the right to buy stock at a specific price, by a specific date.

So, you can leverage that ability by exercising the option before the expiration date – or simply letting it expire – and accept 100 shares per contract at the price you specified (the strike price).

But, that isn't the strategy we employ in *Jeff Clark Trader*. Instead, we trade the *option contracts themselves* in hopes of selling them for a higher premium.

Instead of using the options as insurance, you can simply sell the option contract before the expiration date and profit on the difference in what the option itself costs.

That's the strategy we use. And, that's how we use options to lower our risk, and maximize our gains.

Next up is my video series where I deep-dive into all you need to know to make a worthwhile option trade…

MY MASTERCLASS TRAINING SERIES

Before I reveal the one "boring" stock that could create a second income, it's crucial to first learn the structure of making a good option trade. And, over the last few decades, I've learned just how to do just that – and also how not to – through trial and error. Despite the learning curve, options are one of the most powerful tools to trade the markets. It's resulted in a number of life-changing gains for both me and my subscribers.

Using options the way I describe in this guide and in my video series – as a means to reduce your risk, not increase it – is pivotal to your trading success.

One of the most valuable trainings I've created is my Money Multiplier Masterclass training series. This is where I give you a fully detailed step-by-step into all things options trading. Everything from what makes a good option trade, to learn how to sell call options without making big rookie mistakes, to spotting profitable ideas in the market on your own, and more.

It's an 8-part series that is essential to an options trader of *any* level – but especially if you're new to the world of trading, entirely. Click right here to start watching now.

With that, the most important thing to note is – options are designed to reduce risk.

Sadly, that concept is lost on a lot of novice traders. They use options to increase leverage, to get more bang for their buck, and to try to get rich quick.

That rarely turns out well. Most of the time, trading options in this manner ends up creating large losses.

But, if you use options the right way, you can end up making more when you're right – and losing less when you're wrong – than by owning (or shorting) the underlying stock. Let me show you…

THE "BORING" STOCK I CHOOSE TIME AGAIN

Like I said before, you don't need to hold onto a bunch of stocks in the hopes that you'll make a profit. You just need one.

So, for example, let's say you wanted to trade one of my favorite stocks, the VanEck Vectors Gold Miners Fund (GDX). For those that don't know, GDX is an exchange-traded fund that tracks the performance of companies in the gold mining industry.

I love to trade GDX. Gold stocks are volatile. They move all over the place and change direction several times each year. That gives us multiple opportunities to trade GDX for profits.

At writing, it'll cost you about $2,800 to buy 100 shares of GDX.

Alternatively, you could buy a call option – which gives you exposure to 100 shares of GDX – for about $100. If you're right and GDX moves higher, you'll make a much larger percentage return on the call option than you will on the stock. And if GDX moves lower, the most you can ever lose is the $100 you paid for the option.

In other words, if GDX falls 50%, all the way down to $14 per share, you'd lose $1,400 if you bought 100 shares. But, if you bought the option, the most you can ever lose is the $100 you paid for the option.

Here's the mistake many novice traders make: Instead of taking $2,800 and buying 100 shares of GDX, they take the $2,800 over to the options market and buy 28 call options – which gives them exposure to 2,800 shares. In other words, they use options to leverage their trade to 28 times the normal position size.

That's just stupid.

Successful traders don't do stupid things. We use options to reduce risk rather than increase it. And here's how we'll do it…

HOW THE STRATEGY WORKS

In each recommendation, I'll explain how the option strategy we use reduces our risk. I'll suggest an appropriate position size based on the potential reward on the trade. And, I'll tell you exactly where you should look to take profits on the trade.

That's how you reduce your risk by trading options: **Having a specific plan, and not overleveraging your risk.**

Let's use GDX as an example again and look at how we could have traded it recently…

With gold stocks moving all over the place and shifting directions several times each year, that gives us numerous opportunities to trade GDX for profits. And that's why I love this seemingly "boring" stock.

In 2016, for example, I traded GDX 23 times. Twenty-two of those trades were profitable.

In 2017, I recommended 13 trades on GDX. All 13 of those trades made money.

So, you can see why I like trading GDX. And, that's why GDX will be a core position in the *Jeff Clark Trader* portfolio.

To understand how we'll put our strategy into action, take a look at the eighteen-month chart of GDX on the previous page.

During this 18-month period, GDX went through six distinct trends: two uptrends (in blue), two downtrends (red), and two sideways consolidations (green). Each trend lasted for at least one month. And, most trends gave traders multiple opportunities to profit.

In uptrends, traders can profit by buying call options and/or selling uncovered put options. In downtrends, buying put options is often the most profitable strategy. And, when a stock is chopping back and forth in a sideways consolidation, traders can usually profit by selling uncovered put options.

The secret to maximizing profits is to recognize when one trend is ending and another trend is beginning. Traders can then adjust their strategy in anticipation of the trend change.

Every recommendation we make in *Jeff Clark Trader* will fall into one of three categories...

Buy Call Options — designed to profit as a stock moves higher

Buy Put Options — designed to profit as a stock moves lower

Sell Uncovered Put Options — designed to profit as a stock moves sideways or higher.

For example, GDX was in an uptrend from September 2018 until February 2019. So, the most profitable strategy would have been to buy call options on GDX.

The stock then traded sideways for a couple of months. And, the most profitable strategy during that choppy period would have been to sell uncovered put options.

Then GDX started to fall. It was in a downtrend from early April 2019 until mid-May. Traders could have profited by owning put options on GDX during that time frame.

Next up in this series, I'll show you how to open an options account and start using all the strategies you just learned about. Read on...

HOW TO OPEN AN OPTIONS ACCOUNT

Before you begin trading options, you must first figure out what you want... and how to get it.

It's important to have a clear idea of what you hope to accomplish. Options can play many different roles in a portfolio and picking a goal narrows down the strategies you might choose.

My goal with *Jeff Clark Trader* is to show you how to use options to reduce your risk... and add a little bit of "pop" to an otherwise conservative portfolio. To help reach that goal, we'll be applying the three options strategies I noted above.

So, I'm going to walk you through all the steps – from setting up your brokerage account to executing your first options trade.

Let's get started...

STEP 1: FIND A BROKER

Once you're mentally ready to invest in options, you need to choose a brokerage firm to execute your trades. Some traders choose discount firms that charge lower commissions, while others (both beginners and pros) prefer to talk to their brokers over the phone before opening or closing out a position.

If you already have a general investment account, skip to Step 2.

Below is a table of online discount brokers and their specifics for you to get your options account started (please note we don't explicitly recommend any of these brokerages).

	TD AMERITRADE	E*TRADE
Minimum Account Balance	$0	$0
Fees	Free stock/ ETF trades, $0.65 per options contract	Free stock/ ETF trades, $0.50 to $0.65 per options contract, depending on trading volume[1]
Phone	800-454-9272	800-387-2331

[1] E* Trade Options contract fee: $0.65 per 0-29 trades/QTR or $0.50 per 30+ trades/QTR

	INTERACTIVE BROKERS	FIDELITY INVEST-MENTS	CHARLES SCHWAB
Min. Account Balance	$0	$0	$0
Fees	IBKR LITE: Free stock/ ETF trades IBKR Pro: $0.005 per share with $1 minimum and maximum 1% of trade value, $0.25 to $.0.70 per options contract depending on volume[2]	Free stock/ ETF trades, $0.65 per options contract	Free stock/ ETF trades, $0.65 per options contract
Phone	877-442-2757	800-343-3548	866-232-9890

[2] Some firms, like Interactive Brokers, use tiered commissions for options trading. We've attached an image of their fees to help you get a better grasp.

CONTRACT VOLUME (PER MONTH)	COMMISSIONS	MINIMUM PER ORDER
<= 10,000		
Premium < USD 0.05	USD 0.25 per contract	USD 1.00
Premium => USD 0.05 and Premium < USD 0.10	USD 0.50 per contract	USD 1.00
Premium => USD 0.10	USD 0.65 per contract	USD 1.00
10,001 - 50,000		
Premium < USD 0.05	USD 0.25 per contract	USD 1.00
Premium => USD 0.05	USD 0.50 per contract	USD 1.00
50,001 - 100,000		
All Premiums	USD 0.25 per contract	USD 1.00
=> 100,000		
All Premiums	USD 0.15 per contract	USD 1.00

Examples:

Contract Volume <= 10,000 per month:

1 Contract @ USD 2 Premium = USD 1.00

2 Contracts @ USD 5 Premium = USD 1.30

3 Contracts @ USD 0.075 Premium = USD 1.50 5 Contracts @ USD 0.03 Premium = USD 1.25

Contract Volume 10,001 – 50,000 per month:

1 Contract @ USD 2 Premium = USD 1.00

2 Contracts @ USD 5 Premium = USD 1.00

3 Contracts @ USD 0.075 Premium = USD 1.50 5 Contracts @ USD 0.03 Premium = USD 1.25

Contract Volume 50,001 – 100,000 per month:

1 Contract @ USD 2 Premium = USD 1.00

2 Contracts @ USD 5 Premium = USD 1.00

5 Contracts @ USD 2 Premium = USD 1.25

Contract Volume 10,001 – 50,000 per month:

1 Contract @ USD 2 Premium = USD 1.00

5 Contracts @ USD 5 Premium = USD 1.00

7 Contracts @ USD 2 Premium = USD 1.05

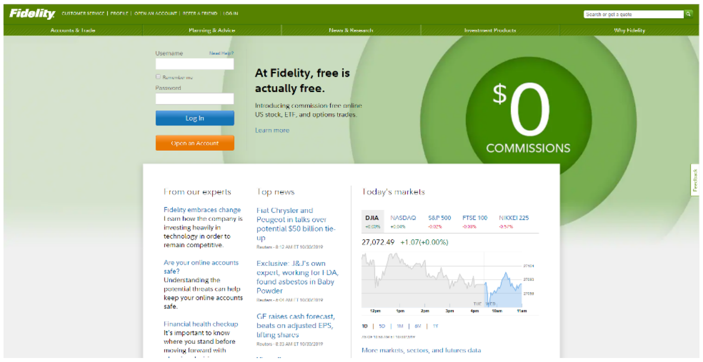
Again, please do not consider anything in this note a recommendation for any one firm. This is simply a list of brokerages that receive excellent ratings for customer service… plus a few we have personally used and have had good experiences with. We do not receive any compensation for mentioning them.

You'll have to choose a brokerage that suits your needs.

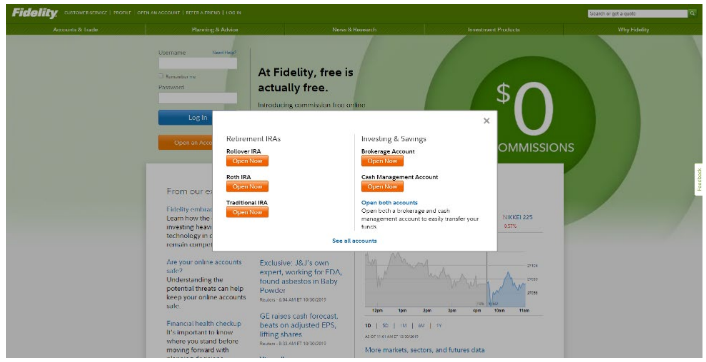
Keep in mind, creating a new account is easy. It takes minutes. Even though every brokerage website differs slightly, the basic terminology you need to look for is similar across all of them.

To set up an investment account with Fidelity, for example, here's what you need to do…

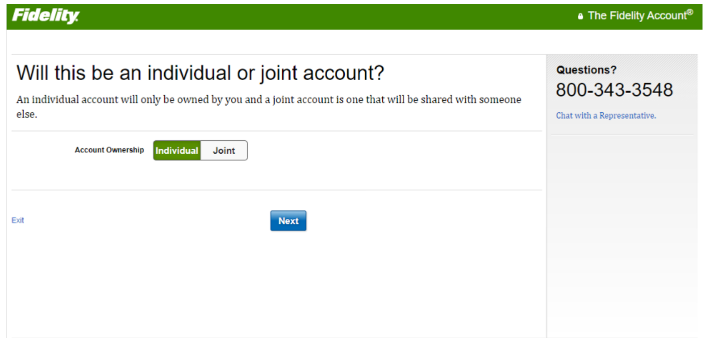
First, go to www.fidelity.com. On the homepage, look for the "Open an Account" button. Most online brokers display this prominently on their websites.



Once you've selected that option, you'll see displays of the different types of accounts Fidelity offers its clients on the box that pops up. Underneath "Investing and Savings" on the right side, click on the "Open Now" button under "Brokerage Account" (shown above).

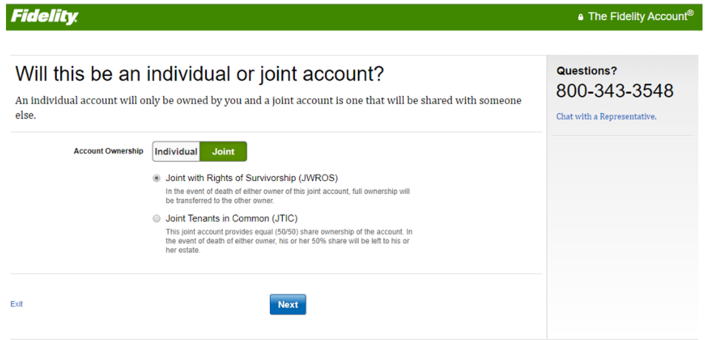


After you've pressed the "Open Now" button, you'll be directed to the webpage below… At this point it will ask you if it will be an individual or joint account. If you will be the only person trading on this account, select "individual."

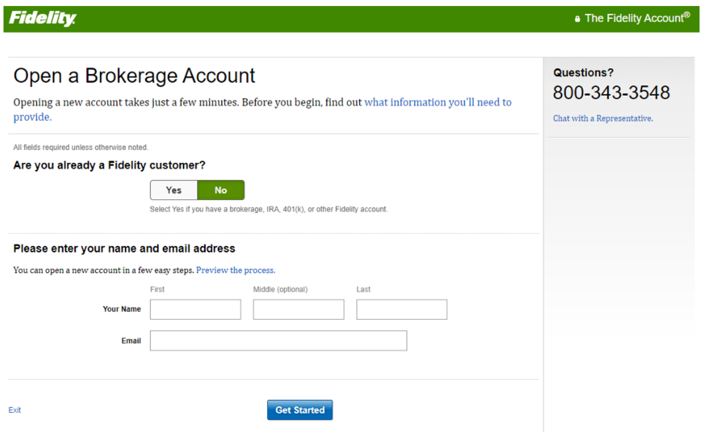


However, if you will be sharing the account with another person, go ahead and select the "joint" option.

For reference, we've attached an image of what would happen if you chose to make a joint account. But for the purposes of this guide, we'll assume that you're opening an individual account.



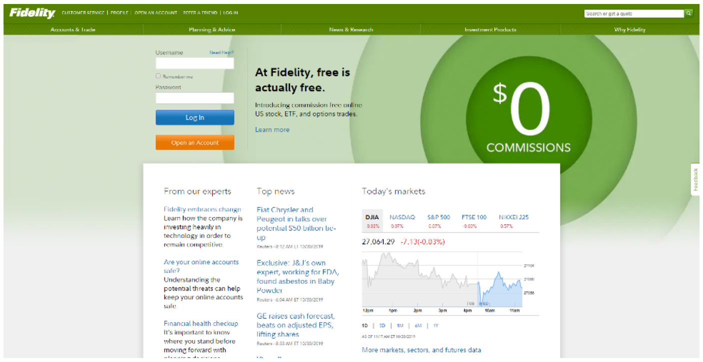
After you've selected your account type, you'll be directed to the webpage below... At some point, most brokers will ask if you're an existing customer. This is to help streamline the account-opening process. For the purposes of this tutorial, we'll assume you're not already a customer...



Before "getting started," it will take less time to complete the process if you have some basic information on hand.

To open an account, all brokers require your Social Security number, your employer's name and address, and your bank account and routing numbers (to move money from a bank). If you have a brokerage account with another firm, you may also want to have that account number and type available. Providing your new broker with this information will make it easier to move assets over from another brokerage firm.

Once you've provided the requested information, simply log in with the username and password you chose during the account setup process.



Once you've opened a general investment account, you're ready for Step 2...

STEP 2: "UNLOCK" YOUR BROKERAGE ACCOUNT

Unless you know how to "unlock" your brokerage account, you can't do any trades using options. Fortunately, it's an easy process... All you have to do is request a higher level of options trading access for your account.

This takes a few minutes to accomplish. But you need to do it to authorize your brokerage account for trading options.

It will differ from broker to broker, but to buy calls and puts, you'll likely need approval for "Level 2" options trading. Your broker will look at your trading experience and the amount of money you have in your trading account to determine what level to grant you.

In most cases, you can get the forms and fill them out online. You can also either fax them or mail them to your broker.

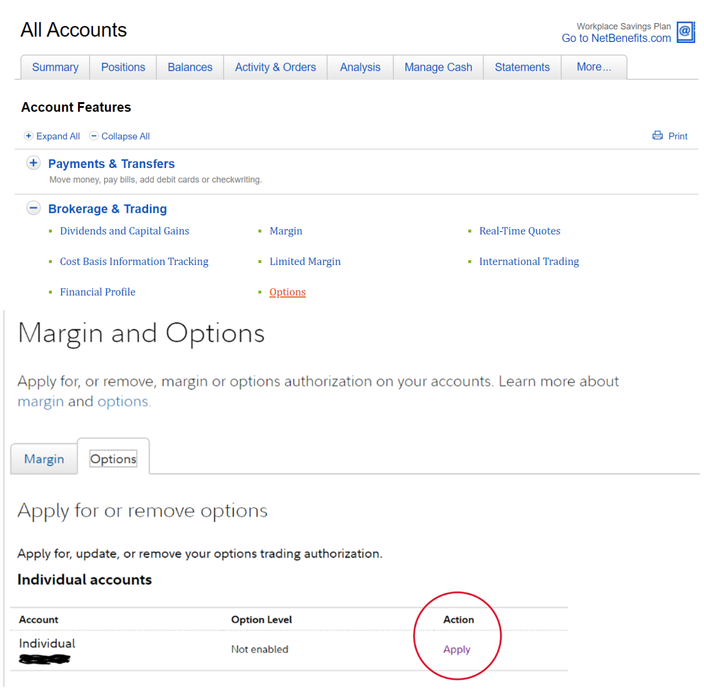
Look for language like "Account Authorization" or "Options Levels" on your broker's website to find the form to request higher levels of account access.

UNDERSTANDING "OPTION LEVEL"

The "Option Level" assigned to your account is related to your experience, the varying degree of risk carried by different options trades, and the firm's desire to limit people from losing everything in riskier trades. Imagine a novice trader selling the total value of all his assets using (or misusing) a sophisticated option strategy that wipes him out in a few hours. It's bad for business, so brokerages create levels as a way of controlling the process.

By limiting the access to advanced trading strategies, the brokerages better maintain their risk to losses as well. Once you show your ability to handle certain trades and transactions, you can apply for higher levels of options trading access.

To stick with our example, Fidelity calls it "Account Access Rights." The link is located in the left sidebar once you've logged in... There, you can "apply for," "modify," or "revoke" option authorization on your accounts.



Here are some of the questions you can expect to find on a typical option agreement form...

1. Basic information – i.e. date of birth, marital status, and number of dependents
2. Employment information
3. Annual income and estimated net worth
4. Investment experience
5. Options level – We purchase calls and puts in *Jeff Clark Trader*, so make sure to check that box
6. Options trading experience at each level —none, moderate, extensive

After you've completed the forms online, verify your application and hit "I agree."

Filling out the forms only takes about five minutes. It shouldn't take more than a few days (at most) for a broker to authorize your account. Most of the top names in the business can open options accounts for you easily and quickly.

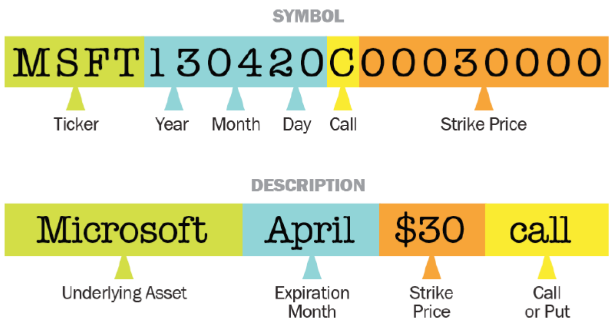
STEP 3: FINDING AN OPTION AND OPENING A POSITION

Once you've "unlocked" your brokerage account, you're ready to begin executing options trades.

Every time I recommend a trade, I'll provide the exact specifications for each trade. I'll specify the underlying stock, strike price, expiration date of the option – as well as what price you should pay or receive to buy or sell the option.

When I make an option trade recommendation, I also include the "ticker" of an option. This string of characters contains all the elements of the specific option.

The following image depicts the anatomy of a call option on Microsoft stock...



This option is betting that Microsoft's share price will be above $30 on option expiration day in April, which (in our hypothetical example) is the third Friday of the month.

You can execute all the trades I recommend through your online brokerage account. Here's how...

First, select the underlying stock you want to trade against. Somewhere on the screen (depending on the website's design), you'll see a link to that stock's option chain.

Click on the link, and a list of options will appear.

You can then select the one with the strike price and expiration date you want.

Again – this will differ depending on what brokerage you're using. But you should be able to find a number of menus and drop-down boxes to help select the correct expiration date and strike price.

Please note that some of my option trade recommendations are "out of the money" – meaning the strike price is different from the current share price of the underlying security. Many brokerages don't display out-of-the-money options by default. So be sure to look for an drop-box that reads "Range" and set it to "All." That should show you all the available strike prices, whether they're in-the-money or not.

Once you find the option I recommend, open an order ticket and set a "limit order" while specifying precisely which price you want. If you want to buy an option, and it's trading above the top of my recommended range, set a limit order for the top of the range and wait for it to come in to range. That way, the order will only execute within my recommended guidance.

TO CONCLUDE

Remember, when you buy a call option, you're purchasing the ability to buy a stock at a specific price. What makes this valuable, when it comes to call options, is how much the underlying stock is ABOVE the price you agree to pay for it.

If you're able to identify imminent surges in stock prices, and are able to pinpoint where you think that surge will end up, you can use call options to drastically increase the returns over what you'd get from just buying and holding shares.

It's this options strategy, among many others, that helped me retire 25 years earlier than most folks. It's given me a life where I never have to worry about money again. And, in *Jeff Clark Trader*, my goal is to put you on that same path.

Best regards and good trading,

Jeff Clark

Customer service representatives are available to help you Monday-Friday, from 9 a.m. to 7 p.m. ET. Phone: (800) 752-0820 or (443) 353-4499 if calling from overseas. Email: feedback@jeffclarktrader.com.