

**12/12/22**

Hello Premium Income Investors,

This week we like a premium income trade in Devon Energy, DVN.

DVN pays a dividend yield of 9.06%. That is huge compared to most dividend stocks. For comparison, the S&P 500, SPY, has a dividend yield of 1.6%.

Many people want this stock “Put” to them because of the dividend.

DVN is trading at 60.99 when I write this.

You can Sell To Open DVN, Jan. 20, 50 strike price Puts for .69.

Here is how it looks in the Premium Income Calculator...

Stock Price	Put Price (Premium)	Strike Price	Number of Contracts
\$60.99	\$0.69	\$50.00	1

(Type values ONLY into the 4 blue boxes above)

Results shown below:

**DO NOT TYPE BELOW THIS LINE**

20% of Stock Price equals ...	\$12.20
Puts are out of the money by ...	\$10.99
Margin required per contract ...	\$189.80
Total margin required ...	\$189.80
Credited to your account INSTANTLY ...	\$69.00
<b>PROFIT = ...</b>	<b>36.4%</b>

This trade pays you \$69 cash per option contract. Your yield on margin is 36.4%. This trade expires Jan. 20.

You can also do this in a cash account if you don't want to use margin.

Either way is good.

If you want a higher premium use Puts with strike prices closer to the market price of the stock.

You can check the yield with the premium income calculator in the members area. You might be surprised at the different yields for different strike prices.

You can get out of this trade anytime by entering an order to Buy-To-Close the Puts you sold.

**Goal:** Let the options expire worthless. If the stock is above the strike price at expiration, the options will expire worthless, and you keep all the premium you received for selling the Put.

**Exit Strategy A:** Have the stock Put to you, then sell it and make a profit. If you get the stock Put to you, you can immediately sell the stock and still make a profit from the premium you received for selling the Put.

**Exit Strategy B:** Have the stock Put to you and keep it. Some people want the stock to

be “Put” to them. If you get the stock, you can sell covered calls against it and bring in even more cash.

If you want the stock assigned to you at the strike, consider using a higher strike price. You get a higher premium, and you get a better chance of owning the stock at a great price.

**Exit Strategy C:** Get out before the stock hits your strike price. If you do not want the stock Put to you, set a conditional order to buy to close the option when the stock hits a price that is 1.00 above your strike price.

Trade Well,  
Jack