07 Dec 55.00 (SU LK-E)	0.0	0.0	32.80	33.50	0	0
07 Dec 60.00 (SU LL-E)	0.0	0.0	28.20	28.90	0	0
07 Dec 65.00 (SU LM-E)	0.0	0.0	23.70	24.40	0	10
07 Dec 70.00 (SU LN-E)	0.0	0.0	19.60	20.10	0	12
07 Dec 75.00 (SU LO-E)	16.85	0.0	15.60	16.10	0	240
07 Dec 80.00 (SU LP-E)	11.90	0.0	12.20	12.40	0	159
07 Dec 85.00 (SU LQ-E)	9.70	0.0	9.10	9.30	0	403
07 Dec 90.00 (SU LR-E)	7.20	0.0	6.50	6.70	0	4531
07 Dec 95.00 (SU LS-E)	5.10	0.0	4.40	4.70	0	341
07 Dec 100.00 (SU LT-E)	3.40	0.0	2.90	3.10	0	213

nderstanding of Delta III"there were a few errors.

TIME.

ions and some of their characteristics can seriously save
end that you read the corrected version by clicking here
iod.

ork or much studying?

Fine. Today, I'll give you the quickest and dirtiest of quick and dirty on simple options trading.

This will be a nice complement to the three-part series on "delta," but like I said, this is the quick and dirty, so you don't even really have to know about delta if you don't have the desire to. If you just take my word for it, this approach will likely make you more money, with less risk.

Here We Go ...

(PLEASE REMEMBER: The following is a WAY oversimplified way of doing this. If you understand the mechanics of options, the calculations, the effect of implied volatility, and the impact that dividends, interest rates, etc. have on options, you will be able to take advantage of options with a higher degree of accuracy. But these are a few steps that you can follow to get started if you don't want to learn more than what's here. And again, this approach is still a better approach than outright stock ownership (unless you are looking at a time frame that the options don't provide.)

The following are the 6 steps that you'll want to take to reduce risk and increase your return. I'll go over them in detail below:

STEP 1: Find the stock, ETF, or Index that you like.

STEP 2: Find call options that expire at least three months after your anticipated holding period.

STEP 3: Find call option that has low extrinsic value (up to 18% of the option's value or less. This will vary due to volatility of the option. If the option has higher volatility, the extrinsic may be more.)

STEP 4: Buy one call for every 100 shares that you believe to be the right sized position. This is personal. Consider commission costs and bid-ask spreads.

STEP 5: Put the excess cash in a stable, interest-bearing security of your choice.

STEP 6: Sell out of the call option earlier than three months before the expiration day.

NOTE: Most options are very cheap now as reflected in the level of the VIX,
down in the low teens. The VIX only reflects the price of S&P500 options, but it's usually a good indicator of option prices in general.

WARNING:Don't get caught in the leverage trap. If you get greedy and use options only for leverage instead of in place of stock, then you are not reducing your risk; you're doing the opposite.

Details:

STEP 1: Find a stock, ETF, or Index that you like.

Let's say that you loved Suncor Energy (Symbol: SU) and you thought it was going to trade much much higher over the next three months.

You could buy the stock, of course, but instead, you want to take a position with much less downside. What do you do?

STEP 2: Find call options that expire at least three months after your anticipated holding period.

Since you know that you want to hold it for three months, you should look for an option that expires in at least six months. (Remember: You want

Since we are in May, we count six months out to November. Since there are no existing November options yet, we go to the December call options