



FAQs for Website

GENERAL:

1- What is covered call writing?

Covered call writing is a low-risk option-selling strategy that generates an income stream by purchasing stocks and selling options on these securities.

2- Why can The Blue Collar Investor enhance my investment results?

The Blue Collar Investor provides an easy to understand approach to covered call writing using fundamental and technical analysis along with a series of common sense principles. You will learn to MASTER a strategy that will walk you through the process of stock and option selection and then management of those positions. We will show you how to take the mystery out of all aspects of this great strategy.

3 - How long has The Blue Collar Investor been in existence and can you tell us about the history of your company?

The Blue Collar Investor was “born” in 2007 with the publication of *Cashing in on Covered Calls*. The book quickly jumped to #1 on Amazon.com on the subject of covered calls and the rest is history. See the “About Us” link on our website for more on the history of The Blue Collar Investor:

<http://www.thebluecollarinvestor.com/about/>

4 – What makes The Blue Collar Investor different from all of the other covered call services?

The mission statement of The Blue Collar Investor is to teach average retail investors how to MASTER the strategy of covered call writing through education, motivation and due-diligence. Our goal is for you to no longer need us or anyone else for that matter. Premium members may decide to use our service to save time but all decisions will be made by you, the CEO of your own money. That powerful concept sets us aside from all others.

5-Who should use your strategy for covered calls?

Covered call writing is a strategy for a conservative investor who has some level of risk-tolerance. This is a low-risk not a no-risk strategy. The only way to know if strategy is right for you is to educate yourself FULLY in this strategy and then paper (practice) trade for a few months. Then you will years and decades to benefit from this great strategy.

6-Will I always need you or can I do it myself and become independent?

Once you get through the education process you will NOT need BCI or anybody else. Many of our members recognize the benefit of the premium service as a time-saver but all decisions will be made by you once you have mastered the strategy. It won't take that long and it will be time very well spent.

7-What are the top mistakes that people make when writing covered calls?

Everyone makes mistakes. Our challenge and goal is to correct them. That is what will make us successful investors who become financially independent, CEOs of our own money. Here is a list of the most common errors made by covered call writers and how to eliminate them: DO NOT.....

1- Only sell options on stocks that are already in your portfolio. These equities may not be appropriate for covered call writing. Only sell options on stocks that are sound fundamentally and technically and are in a great performing industry.

2- Select an option to sell predominantly because of the high return it offers. High option returns oftentimes mean great volatility and therefore high risk. Don't get greedy! Don't even calculate your return until you have determined that you have a quality stock in a solid industry.

3- Sell only out-of-the-money strikes. Many experts advise this strategy because of the stock appreciation it may generate in addition to the option sale. There are times when you want the downside protection of an in-the-money strike. Each situation needs to be evaluated on its own merit. Do not paint every option sale with the same brush.

4- Sell an option and then ignore your stock and option positions until expiration Friday. The use of exit strategies is critical to maximize your success writing covered calls. Your positions must be monitored throughout the contract period in case your stock decreases in price or moves above the strike price near expiration Friday. A system must be in place to manage these positions in an accurate and time efficient manner.

5- Sell an option on a stock when there is an upcoming earnings report in that same contract period. An earnings report creates tremendous volatility. This event increases the risk we Blue Collar Investors refuse to take. There is increased downside risk with little upside profit potential. Avoid earnings reports!

6- Use a broker whose commissions will influence your investment decisions. A successful covered call writer will be buying and selling many contracts per month. In addition, there will be trading of the underlying equities. Since exit strategies will play a major role in the profits generated, we must use an online discount broker whose fees are so low that commissions will become a non-event.

7- Use a system that requires excessive time. I believe in setting yourself up for success. In order to succeed your system must be time efficient and easy to navigate. This will require a portfolio manager of easy to access lists of accurate information regarding your stocks and options. Organization is critical to making the best decisions that will generate the highest returns.

8- Sell options in markets that are increasing exponentially or depreciating precipitously. This is a great investment strategy in moderately bullish,

moderately bearish and neutral stock markets. I sell covered call options about 90% of the time.

9- Have more than 20% of your portfolio invested in one particular industry. Diversification is so important in reducing risk because if one industry takes a sudden downturn, the others can pick it up.

10- Invest in stock options or any other investment strategy without being fully educated. Who is more likely to succeed at blackjack: The player who is familiar with all the nuances of the game or the person who sits down at the table praying for good cards? The difference between blackjack and covered call writing is that the former will be a long-term losing proposition while the latter can lead to your financial independence.

8-How many trades do I need to make each month?

For stocks I recommend a minimum of 5 different stocks in 5 different industries. For ETFs, the number is less because of the instant diversification afforded to us by ETFs. Ultimately, the number of trades we make is based on our portfolio value and comfort level regarding the number of positions we can manage.

9-How much money do I need in my account to use your system?

As a guideline, you will need about \$35 thousand for a stock portfolio and about \$10 thousand for an ETF portfolio.

10-Can I use your system in my IRA?

Yes. This is a government approved strategy for self-directed IRA accounts.

11-What do I do if I work and can't be in front of my computer?

Consider our premium membership where the stock screening will be done for you. This will be an immense time-saver. Enter your positions in the first week of the contract cycle and roll options on or near expiration Friday. This will take less than one hour per month. Check your positions at least once a day for a few minutes. Orders can be placed even after market hours for closing the short options position using the guidelines set up in my books and DVD programs.

12-What market conditions are best for covered calls?

This strategy works well in most market conditions...moderately bullish, neutral and moderately bearish markets. I have tailored specific stock and strike positions for the different market conditions an approach taken by very few covered call writers.

13-Are covered calls safe?

This is a low-risk, not a no-risk strategy. The risk is in the stock not in the sale of the option. You must be able to tolerate some risk to be a successful covered call writer. It is an extremely conservative strategy when compared to other stock and option strategies but not as "safe" as buying treasuries, money markets or CDs. In the BCI methodology we mitigate risk by using sound fundamental, technical and common sense principles and then manage our positions with an arsenal of exit strategies. The government considers this strategy safe enough and appropriate for self-directed IRA accounts.

14-What are the risks with covered calls?

The main risk in this strategy is the price of the stock declining more than the option premium captured. At that point we will start losing money. That's where our exit strategies come into play. Another risk is "early assignment" where your shares are sold prior to expiration Friday. If there are tax issues and we are trading in a non-sheltered account this COULD be a risk. Early assignment is rare and usually associated with dividend distributions. These scenarios are easily

circumvented. Finally, your upside is limited so you may not take full advantage of share appreciation.

15-What happens if I get exercised early?

In 99% of these situations this is actually a very positive event. You keep the original option premium plus any share appreciation up to the strike price and the shares are sold at the price we agreed to sell them when entering the trade. This means we have maximized the profit in that trade. You now have the cash from the stock sale in our account to “put to work” in another trade.

PRODUCTS AND SERVICES:

16- Which products provide the greatest amount of information for the best price?

Our most comprehensive and popular package of educational tools is the comprehensive covered call writing DVD Program with Companion Workbook AND Alan Ellman’s Encyclopedia for Covered Call Writing (classic version). These items are discounted \$25 when purchased as a package product. Here is a link for more information:

<http://www.thebluecollarinvestor.com/store/>

17- What are the advantages of your premium membership?

- Weekly Stock Reports published on before market opens on Monday (usually Sat. or Sun.)
- Weekly Exchange-Traded Funds Reports published mid-week, usually Wednesdays
- Quarterly High Dividend Yield Stocks with LEAPS Reports for dividend capture strategies
- Quarterly Blue Chip Portfolio Report
- Resources and downloads files (dozens available) like:

- “Banned stocks” file
 - Broker file
 - FREE E-Books like the “Greeks” E-Book
 - Elite version of the Ellman Calculator
 - Expanded BCI Put Calculator
 - User guides
 - Emergency management Report
 - Flow charts
 - P&L Calculators
 - Sector file
 - Wash Sale Rule file
 - Pros and cons of Weeklys file
 - Much more
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- 10% discount link for all items in the Blue Collar store
 - 6 FREE Blue Hour webinars per year
 - Beginners Corner tutorials for calls and puts located on member site for easy access and review
 - *Ask Alan videos*: Entire library of over 125 videos available to Premium Members only
 - Links to latest blog articles for easy access
 - Email notification when latest stock and ETF reports are uploaded to the member site

How to join

Go to: <http://www.thebluecollarinvestor.com/membership/>

Select monthly or annual membership

File out registration forms and select your personal user and password

Membership starts instantly...access all the above in minutes

First Month Trial: \$19.95; Each Month Thereafter \$49.95 or

12 Months + 1 Month FREE: \$569.40; Each 13 Months Thereafter \$599.40

18- How much is the premium membership and is there a free trial?

We DO offer a reduced fee trial month for \$19.95 where you have access to all aspects of the premium site. The monthly fee after the first month is \$49.95 per month (as of September, 2016)

19- How do I continue or discontinue my premium membership?

Membership to our premium subscription will continue automatically. No action is needed on your part. Should you decide to discontinue premium membership, simply send an email to:

info@thebluecollarinvestor.com

Put “cancel membership” in the header.

Your membership will discontinue at the end of the current billing period.

20-How do I change my credit card information for my premium membership?

Send an email to:

info@thebluecollarinvestor.com

Ask for a credit card update link. The link will be sent and you can update the information which will be archived in our system.

21- How do I get my 10% discount if I’m a premium member?

Log in to the premium site with the user and password you set up when first subscribing. Then scroll down to the lower left side of the premium page and enter the store from the link provided. You will automatically be credited a 10% discount at checkout. Remember, you must enter the store from the link in the premium site.

22- How do I subscribe to the premium membership?

Here is the link to subscribe:

<http://www.thebluecollarinvestor.com/member/signup.php>

23- How do I cancel my subscription?

Simply send an email to:

info@thebluecollarinvestor.com

Put in header “please cancel premium subscription”. Any constructive comments are welcome

24- Do you recommend stocks?

No. We are an educational site and stock screening service. Our mission statement is to help educate our members so they can make all decisions on their own thereby becoming “CEO of their own money” and ultimately financially independent. We teach you the entire system...no “Wall Street secrets”...everything we do ourselves we teach to you, so you can master covered call writing and become “The CEO of your own money.”

25- Do you offer 1-on-1 training?

Yes. We offer 1-on-1 phone (Skype) coaching. Here is a link for more information on this service:

<http://www.thebluecollarinvestor.com/investment-coach/>

26- Do you offer live seminars to large groups?

Yes. We require a minimum group of 50 and arrangements are based on the number of attendees, location and venue. Send your request to:

info@thebluecollarinvestor.com

27- Does the Blue Collar Investor have a venue for questions and comments?

Yes. We welcome ALL constructive comments and questions. The best place is on our blog where we encourage your feedback on all areas of covered call writing (not only the blog topic). Here is a link to our blog and look for “comments” to enter your inquiry or comment:

<http://www.thebluecollarinvestor.com/blog/>

28- Do you have a mailing list where I can be updated on new information, news and discounts?

Yes. Here is the link to our mailing list and FREE updates on new information:

<http://www.thebluecollarinvestor.com/subscribe/>

29 -What kind of data do you provide in the Premium Stock Report?

The report is composed of 8 – 9 pages and includes:

- ETF summary
- Market assessment information
- Stock screening process
- Eligible stock candidates
- IBD rank
- Earnings report information
- Beta stats
- Dividend information
- Option liquidity information
- Industry name
- Industry rank
- Availability of Weekly options
- Much more

30-I'm not yet a subscriber yet. What does the Premium Report look like?

You can view a sample report on the videos found at the bottom of the membership information page:

<http://www.thebluecollarinvestor.com/membership/>

31-If we want more training than just the regular webinars, what options do you provide?

We do provide 1-on-1 phone (Skype) coaching at rates much lower than other sites. Our outstanding team will speak with you first to set up a program (first call is free) that best suits your specific needs. Here is a link for more information:

<http://www.thebluecollarinvestor.com/investment-coach/>

32- Is there a Seminar guarantee?

Yes, there is a full money back guarantee if dissatisfied with the quality or content of our seminars.

33- Is there a discounted trial period for your premium service?

Yes. The first 30 day period is discounted to \$19.95. You will have full access to all files, the Elite Calculator, the 10% store discount, 5 previous stock reports and 4-5 upcoming stock reports. We offer this because we feel that in one month you will appreciate be able to appreciate all the time and effort you will save with the premium subscription. If the service is not right for you, a simple email will cancel the membership and your credit card will no longer be billed.

WEBSITE:

34- What are some features of the newly updated thebluecollarinvestor.com website?

Our goal for the site re-development was to make a more organized, easier to navigate website that creates a great experience for beginners as well as experienced Blue Collar Investors. Included in the updated site are:

- Easier blog navigation with consolidated Blog Categories
- Added service for beginners with The Beginner's Corner for calls and puts
- Cleaner, easier navigation and flow (blog is not separate as was previously)
- 3 steps to success, easy to follow suggested progression for site visitors.
- Links to our social networks (Twitter, Facebook & Youtube)
- Use the "subscribe to comments" at the bottom of any blog article to receive email updates to any article's comments
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35-What resources do you have available for free on your website?

There is a HUGE amount of FREE information on The Blue collar website, more than any other covered call site:

- Weekly blog articles published on all aspects of covered call writing
- A resource center which includes free downloads of various educational files
- FREE Basic Ellman Calculator and user guide
- Free put-selling calculator with user guide
- Video library
- Past radio interviews on financial networks
- Beginners Corner Information series- a FREE 8-part video tutorials with FREE powerpoint downloads (calls and puts)
- Much more...explore the site

36-What are your most popular Blog topics?

I get positive feedback on most of my articles and that is because I focus on topics our members suggest or are asking about. Real-life examples are quite popular.

37-This stuff is all new to me, do you have a glossary of covered call terms?

Yes. Check the resources section of the site for our extensive covered call glossary. The link is on the top of our web pages.

THE BCI METHODOLOGY:

38 - What technical indicators does The Blue Collar Investor use and what do they tell us?

The BCI methodology uses 4 technical indicators:

- Exponential moving averages (20-d and 100-d) to identify trends
- MACD histogram to identify trend and momentum
- Stochastic oscillator to confirm momentum
- Volume to confirm other indicators and monitor potential trend changes
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39-How do I use ETFs for covered calls?

Exchange-traded funds are used in much the same manner as are individual equities. There are a few differences:

- Diversification is not as much an issue as ETFs represent a basket of stocks
- Earnings reports no longer have to be factored in
- Less cash is required because you no longer need 5 stocks in 5 different industries
- Less of a return is expected because ETFs are less volatile than stocks

40-What is the process to use ETFs vs. stocks with your strategy?

- Use the Blue Collar Premium ETF Reports or your own screening process to develop a watch list of quality ETF covered call writing candidates.
- Make your selections based on premium return goals (mine are 1% - 2% per month for ETFs), cash available (less cash leads us to lower priced ETFs) and broadest diversification (don't select 3 gold ETFs in a portfolio of 3 securities!).
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41-Do ETFs pay dividends and can your strategy get both covered call premium and dividends?

Yes to both (as long as there are dividend-yielding stocks within those ETFs) and the same applies to individual equities as long as the security is not assigned early prior to the ex-dividend date. This is covered in my books and DVDs.

42-Do you use indexes?

Yes. We use exchange-traded funds whose portfolios are constructed to mirror the components of stock and bond indexes. We do not use index options.

43-Do you cover tax related issues?

My books and DVDs do cover basic tax-related issues with the understanding that I am NOT a tax expert and strongly recommend seeking the advice of a tax expert on these matters. Chapters in my books relating to tax issues were written by tax experts.

44-How far out do you go when selling covered calls?

I sell 1-month options. The main reasons are as follows:

- You will generate the highest annualized returns (Weeklys may be an exception but there are disadvantages to Weeklys that must be considered)
- It keeps in line with the BCI rule of avoiding earnings reports
- Less risk obligation for each security as we evaluate each security monthly
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45-Do you use LEAPS in your strategy?

I rarely used LEAPS but do teach the use of these long-term options as both a stock surrogate and for use in the strategy of enhancing the return of high-dividend yielding stocks.

46-Is the BCI system day trading?

Absolutely not! Day trading requires constant monitoring of your positions throughout the day. In our BCI system, a few hours a month will suffice for mastering this great strategy.

GETTING STARTED:

47- What is the best way to get started?

The best way to initiate your covered call writing career is to take our FREE Beginners Corner Series...the most comprehensive free introduction to covered call investing available on the internet. It is an 8-part video series with FREE powerpoint downloads. There is one program for covered call writing and one for selling cash-secured puts. Here is the link to get started:

<http://www.thebluecollarinvestor.com/beginners-corner/>

If you are then as excited as I am about the strategy consider my books and DVD Program. Our most popular package is the discounted “New DVD Program” packaged with my # 1 best-selling book (“Encyclopedia...”). We also welcome you to join our Premium Membership subscription. It’s an immense time saver and very fairly priced.

48- Can you recommended discount stock/options brokers?

We don’t recommend any specific brokerages but we do provide a list of candidates that have been positively recommended to us by our members. We will provide contact information to assist you in doing your own due-diligence in accessing the best online discount broker for your specific needs. Look in the “Free Resources” link on the top black bar of our web pages. Once you enter your email address, the broker file and many other resources are available for free.

49-How do I learn to trade covered calls?

First, educate yourself whether it is with BCI educational resources or other reliable resources. A great start would be our FREE Beginners Corner 8-part video series located on this site. The new “DVD Program, Companion Workbook and the Encyclopedia for Covered Calls” package will take your knowledge of this strategy to a level few professionals have achieved. After studying the strategy you must paper (practice) trade for a few months and then you will have years and decades to benefit from this great strategy.