



INCOME ENHANCEMENT

An income enhancement strategy may allow you to increase the income generated by your stock position. Oftentimes, clients who own concentrated positions benefit from a regular income stream in the form of quarterly dividend payments. An income enhancement strategy can increase the cash flow received from your stock position, or create cash flows for a stock that does not pay a current dividend.

COVERED CALLS

You can increase the income generated by a large stock position by selling covered calls. When you sell a call option, you receive an upfront cash premium and are obligated to sell the stock at a predetermined price (the strike price). If the stock appreciates above the strike price, it may be sold, thus limiting your potential upside in the stock and triggering capital gains taxes. It is important to note that the income earned from a covered call option provides limited downside protection up to the value of the income received. However, this strategy does not typically provide protection from significant downward price movements.

MANAGED ACCOUNT SOLUTIONS

A professional portfolio manager can manage a covered call writing strategy for you with the goal of generating additional income on your stock position. These programs have position minimums and other requirements that must be met. Your financial advisor can help you determine whether or not this is the proper solution for you.

