The Wheel, From Put to Payday

Cash-secured puts · covered calls · assignment · premiums & dividends
full-cycle math · reading a real tracker · risk, taxes & mistakes

Wheelable · getwheelable.com

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1. What the wheel is

Get paid while you wait to own shares you already want, then get paid again while you hold them until a sale price you accept.

1. Sell a **cash-secured put** at a price you would gladly pay for 100 shares.
2. If assigned, own the shares, collect dividends, sell **covered calls** at a price you would gladly sell.
3. If shares are sold, return to step 1 on a name you still want to own.

2. Puts, calls, premiums and dividends

A cash-secured put sets cash aside to buy 100 shares at the strike. Premium is payment for that obligation — not free money. After assignment, covered-call premium pays you for agreeing to sell at the call strike. Dividends accrue while you hold shares through ex-div. Always net openings minus buybacks before you call a cycle a win.

- Expired put/call: keep net premium (watch commissions).
- Early close: subtract the closing debit.
- Assignment can be early (ex-div risk). Prefer “sold at $X” wording unless the ledger clearly says assigned/called away.

3. Choose underlyings conservatively

- Only names you would hold for months if assigned.
- Liquid options; size so one assignment does not exhaust cash.
- Strikes you still accept after a gap — rich premium often prices rich risk.

4. Full-cycle return math

Net premium = put + call premiums – put/call closing costs

Adjusted basis ≈ assignment strike – net premium – dividends

Share P&L = sale price – assignment strike (only if both exist)

Net P/L ≈ (net premium + dividends + share P&L) × 100 × contracts – fees

Return on capital = net P/L ÷ (capital at risk × 100 × contracts)

Simple annualized = return × 365 ÷ days held (not compounded)

Use Wheelable’s calculator with your numbers. Do not finish a cycle in your head when sale fields are blank.

5. Expiry vs early close vs roll vs assignment

Status labels matter more than the opening credit. **Expired** keeps premium. **Closed** needs the buyback. **Rolled** is usually a close plus a new open — measure both. **Assigned** starts a stock phase: basis, dividends, later calls. **Open** means unfinished; do not annualize an open stock mark as a completed wheel.

6. LEN sample (supported put phase only)

From the historical sample tracker: LEN CSP opened 4/9/2021, expiration 6/18/2021, strike $100, premium $3.15, quantity 40, status **Assigned**, option profit **$12,600**, days held 70. Assignment 6/18/2021 into 4,000 shares at $100 cost (**$400,000** basis). Stock table also shows Option Premiums $12,708 and an MTM/stock P&L cell $70,600, but **Called Date and Closing Price are missing**.

Supported math: $12,600 ÷ $400,000 = **3.15%** over 70 days. Simple annualized (non-compounding, put premium only) ≈ 3.15% × 365 ÷ 70 ≈ **16.43%**. This excludes stock P&L and later calls.

A later LEN call row (open 6/18/2021, expiry 5/21/2021, strike $24, qty 3, premium $0.46, close $0.10, profit $108, days held –28) is **inconsistent** and omitted from cycle math. We do not invent a LEN close date, complete cycle profit, full ROC or call-away.

Contrast: the AAPL historical sample ledger on Wheelable includes recorded share sales at $144 and $145, so a fuller path can be studied end-to-end. LEN is the incomplete-ledger lesson. Both are educational samples — not verified personal performance.

7. Tracker-data methodology & mistakes

- Sample tracker rows span roughly 2021–2025 with opens, closes, rolls, assignments and still-open positions.
- A worksheet header like “Assume $10,000,000 Fund Start” is a sizing assumption — not a performance claim.
- Do not treat “Current Px” in that export as option premium; it behaves like an underlying/mark field.
- Ignore or quarantine #VALUE!, #REF!, #N/A and impossible date pairs.
- If stock sale fields are blank, publish a partial sample (put → assignment) and stop.
- Compare with a complete ledger (e.g. AAPL sample) only when share sales are actually recorded.

8. Risk, taxes and common mistakes

- Stock risk remains; premium only cushions. Covered calls cap upside.
- Taxes: short-term option gains are often ordinary income in taxable accounts — get professional tax advice.
- Mistakes: wheeling names you will not hold; oversized puts; counting credits without buybacks; treating unfinished MTM as a win; skipping the OCC risk document.

Keep learning on Wheelable

Site lessons, AAPL historical sample ledger, sample tracker / LEN case study, shorter sample cycles, full-cycle calculator, and email updates when new educational samples are published (weekly, biweekly, or monthly as ready — no fixed schedule).

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