

IBKRWEBINARS.COM



June 7, 2021

IUR Capital

Option Strategies for Retirement Accounts

Gareth Ryan

Founder and Managing Director
IUR Capital

Exchange and Industry Sponsored Webinars are presented by unaffiliated third parties. Interactive Brokers LLC is not responsible for the content of these presentations. You should review the contents of each presentation and make your own judgment as to whether the content is appropriate for you. Interactive Brokers LLC does not provide recommendations or advice. This presentation is not an advertisement or solicitation for new customers. It is intended only as an educational presentation.



Disclosure:

Options involve risk and are not suitable for all investors. For information on the uses and risks of options, you can obtain a copy of the Options Clearing Corporation risk disclosure document titled [Characteristics and Risks of Standardized Options](#) by calling (312) 542-6901.

Futures are not suitable for all investors. The amount you may lose may be greater than your initial investment. Before trading futures, please read the [CFTC Risk Disclosure](#). For a copy visit interactivebrokers.com.

Security futures involve a high degree of risk and are not suitable for all investors. The amount you may lose may be greater than your initial investment. Before trading security futures, please read the [Security Futures Risk Disclosure Statement](#). For a copy visit Interactivebrokers.com.

There is a substantial risk of loss in foreign exchange trading. The settlement date of foreign exchange trades can vary due to time zone differences and bank holidays. When trading across foreign exchange markets, this may necessitate borrowing funds to settle foreign exchange trades. The interest rate on borrowed funds must be considered when computing the cost of trades across multiple markets.

The Order types available through Interactive Brokers LLC's Trader Workstation are designed to help you limit your loss and/or lock in a profit. Market conditions and other factors may affect execution. In general, orders guarantee a fill or guarantee a price, but not both. In extreme market conditions, an order may either be executed at a different price than anticipated or may not be filled in the marketplace.

There is a substantial risk of loss in trading futures and options. Past performance is not indicative of future results.

Any stock, options or futures symbols displayed are for illustrative purposes only and are not intended to portray recommendations.

- IRS Circular 230 Notice: These statements are provided for information purposes only, are not intended to constitute tax advice which may be relied upon to avoid penalties under any federal, state, local or other tax statutes or regulations, and do not resolve any tax issues in your favor.
- Interactive Brokers LLC is a member of [NYSE FINRA SIPC](#)



Option Strategies for Retirement Accounts

June 2021

Not for redistribution or copy



Gareth Ryan
Founder & Managing Director
gryan@iurcapital.com

Options are leveraged products that involve risk and are not suitable for all investors. Before committing capital to any option strategies, read the “Characteristics & Risks of Standardized Options” provided by the Options Industry Council. For a copy call 312-542-6901.

A copy is also available at: <http://www.optionsclearing.com/publications/risks/riskstoc.pdf>

IUR Capital LLC is an investment advisor registered with the Securities & Exchange Commission (Firm CRD 153630). IUR Capital Ltd is a registered Portfolio Manager with the Ontario Securities Commission (NRD 37230) and authorized and regulated by the UK Financial Conduct Authority (Firm Reg 514394). We do not hold any client funds. Client accounts are held at a FINRA regulated broker-dealer and clearing firm. Certain individuals of IUR Capital are FINRA registered representatives of an affiliated broker-dealer (IUR Securities LLC).

None of the content discussed in this presentation carries an offer or solicitation of an offer to buy or sell any security or operate any specific strategy. Any securities included in this presentation are for illustrative purposes only and are not intended as recommendations. Where multi-leg strategies (including spreads) are discussed, the commission is per leg and therefore multiple commissions will apply. Commissions are subject to change.

The information provided in this presentation is believed to be accurate, but the accuracy and completeness of the information is not guaranteed. Investors should not rely on any information for the maintenance of books and records or for tax, accounting, financial, or regulatory reporting. *Past performance is not indicative of future results.*

Host Profile (Gareth Ryan)

- Founded IUR Capital Ltd in 2007, IUR Capital LLC in 2010
- IUR Capital is an investment advisor for institutional and retail investors
- Focused in exchange-traded option strategies

- SPX +13% YTD / Nasdaq +7% YTD
- Russell 2000 continues to see upside...+13% YTD
- First half of 2021 saw new highs for equity indexes
- VIX continues it's downward trend, but with some blips
- Retail, banks, airlines all now significantly higher YTD
- Surge in commodities reflective of the recovery in global demand
- What's on the horizon that could negatively impact risk sentiment?

(As of June 1st, 2021)

Volatility post-Covid

- The March market meltdown saw historic moves in cross-asset volatility
- High volatility = High option pricing
- Covid “volatility premium” continued to evaporate throughout Q4
- Implied volatility tells us what the options market is *implying* in terms of market moves
- Opportunities within both long volatility and short volatility option strategies in 2021...

Should we be a BUYER or SELLER of volatility at current levels?

Answers please in the Q&A Panel

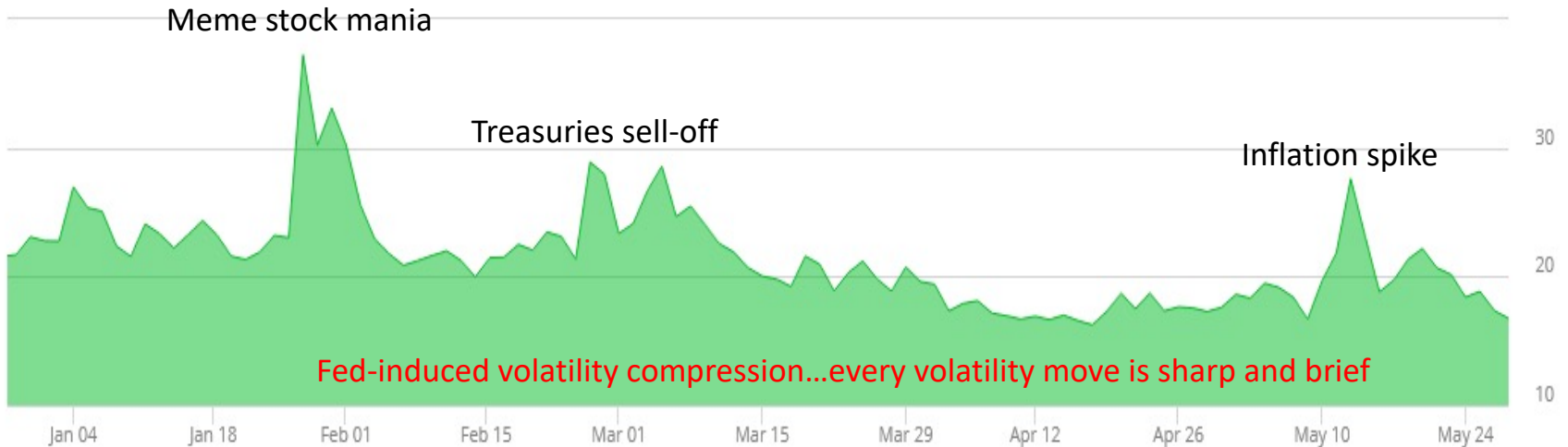
Buying Puts =
Buying Volatility

Selling Puts =
Selling Volatility

The VIX tells its own story about *implied* market moves...

CBOE Volatility Index

Intraday 5D 1M 3M 6M YTD 1Y 5Y All



Source: CBOE

Tech outperformance throughout 2020 is now underperformance in 2021...

PowerShares QQQ Trust, Series 1 (ETF)

Intraday 5D 1M 3M 6M **YTD** 1Y 5Y All

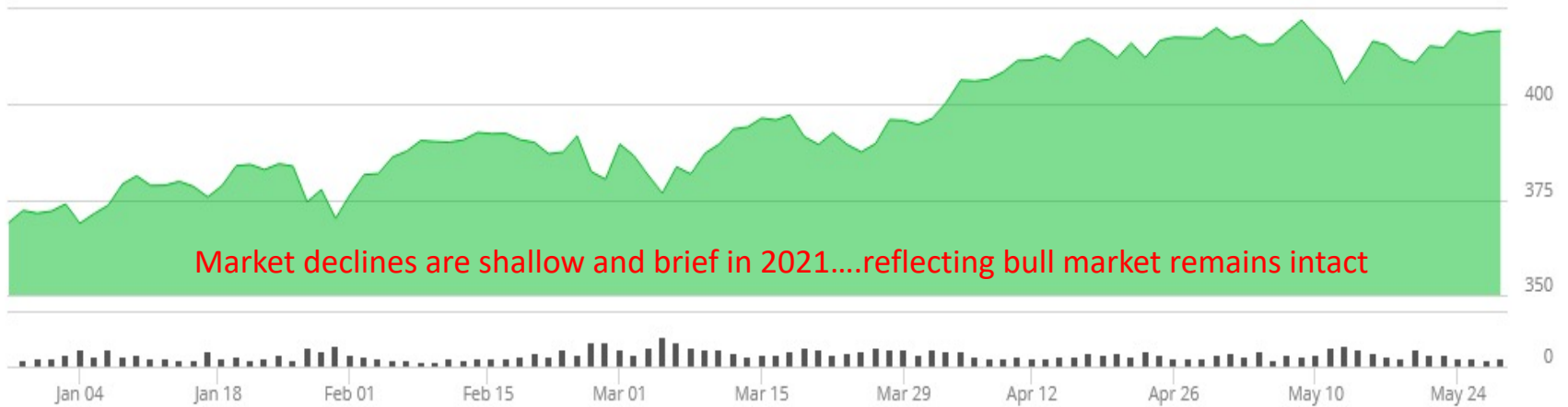


Source: CBOE

SPDR S&P 500 ETF continues to see upside in 1H 2021...but with some blips

SPDR S&P 500 ETF Trust

Intraday 5D 1M 3M 6M YTD 1Y 5Y All



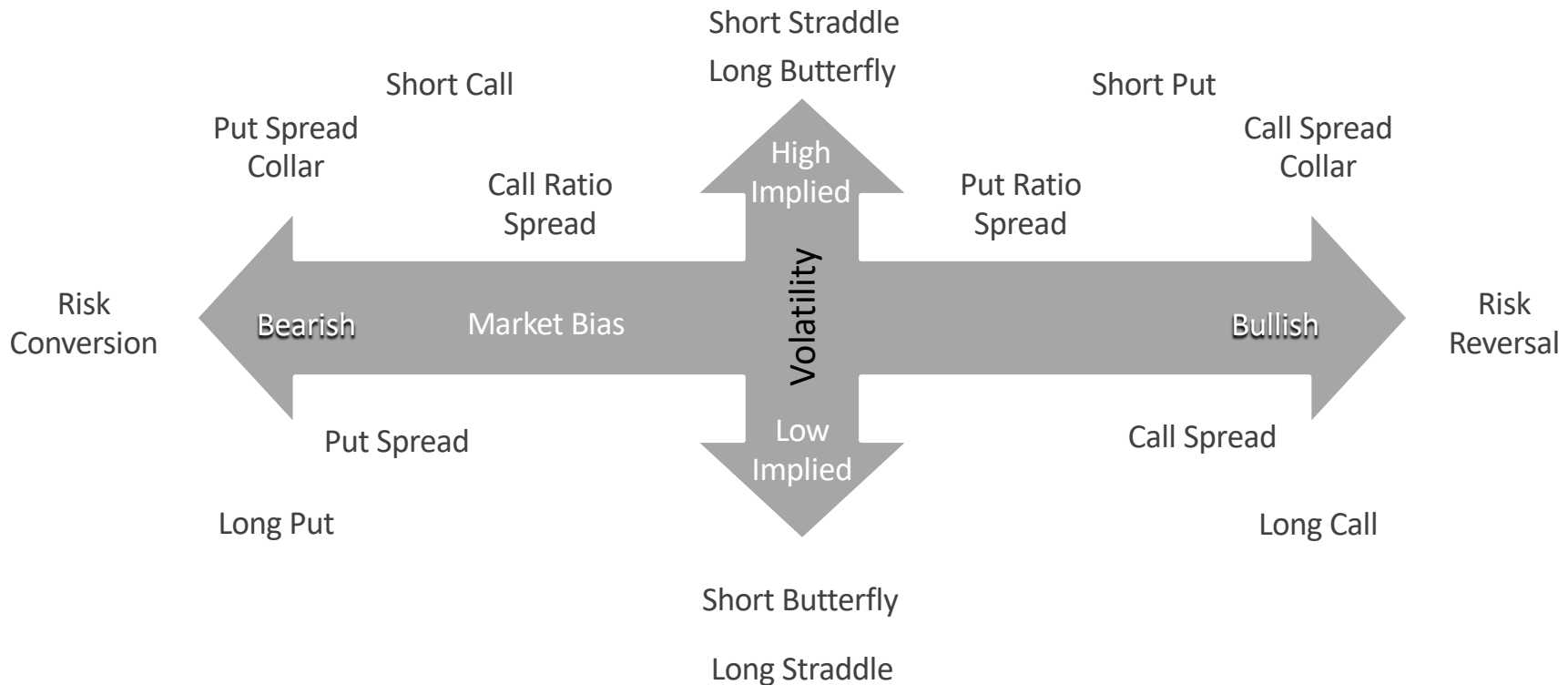
Source: CBOE

Scenario: \$500k retirement account

- You are nearing retirement or already retired, with no dependents
- Your income has dropped, but you are wary that you will still have living costs for you and your spouse
- Mostly invested in bonds with a small element of stocks, but your dividend income is not sufficient for regular drawdowns
- **Capital preservation** in a retirement account is a priority
- But you are willing to look at an income strategy using options that does not require a rising market
- You want to achieve regular premium even if the market remains flat

It begins with the right strategy...

Strategy Suite Income-seeking / Directional / Hedging



Options involve risk and are not suitable for all investors. Multiple leg strategies, including spreads, will incur multiple transaction costs

Income-seeking strategies... an overview

Objective	To generate regular premium to portfolio / generate income	
Setup	Selling of put / call options for premium on underlying security Carries inherent market exposure	
Covered Call	Credit Spread	Iron Condor / Iron Butterfly
When it works:	Moderately trending market Sideways market	
Risks:	Sharp market moves with no hedge Realized volatility is higher than implied volatility	

Use of index/index ETF products as underlying vehicles

Ticker	Instrument	Style	Settlement
SPY	SPDR S&P 500 ETF	American	Physical
SPX	Credit Spread	European	Cash
IWM	Russell 2000 Index ETF	American	Physical
RUT	Russell 2000 Index	European	Cash
QQQ	Invesco QQQ Trust	American	Physical

*Note that SPY / IWM ETF products have quarterly dividends.

Options involve risk and are not suitable for all investors. Multiple leg strategies, including spreads, will incur multiple transaction costs

Using SPDR ETF options as a vehicle for income

- Vertical Spreads
- Creates defined-risk, defined-reward scenario
- Buy one option, sell another
- Same underlying
- Same expiration
- Different strike prices
- Established as a credit spread
(premium received on opening transaction)

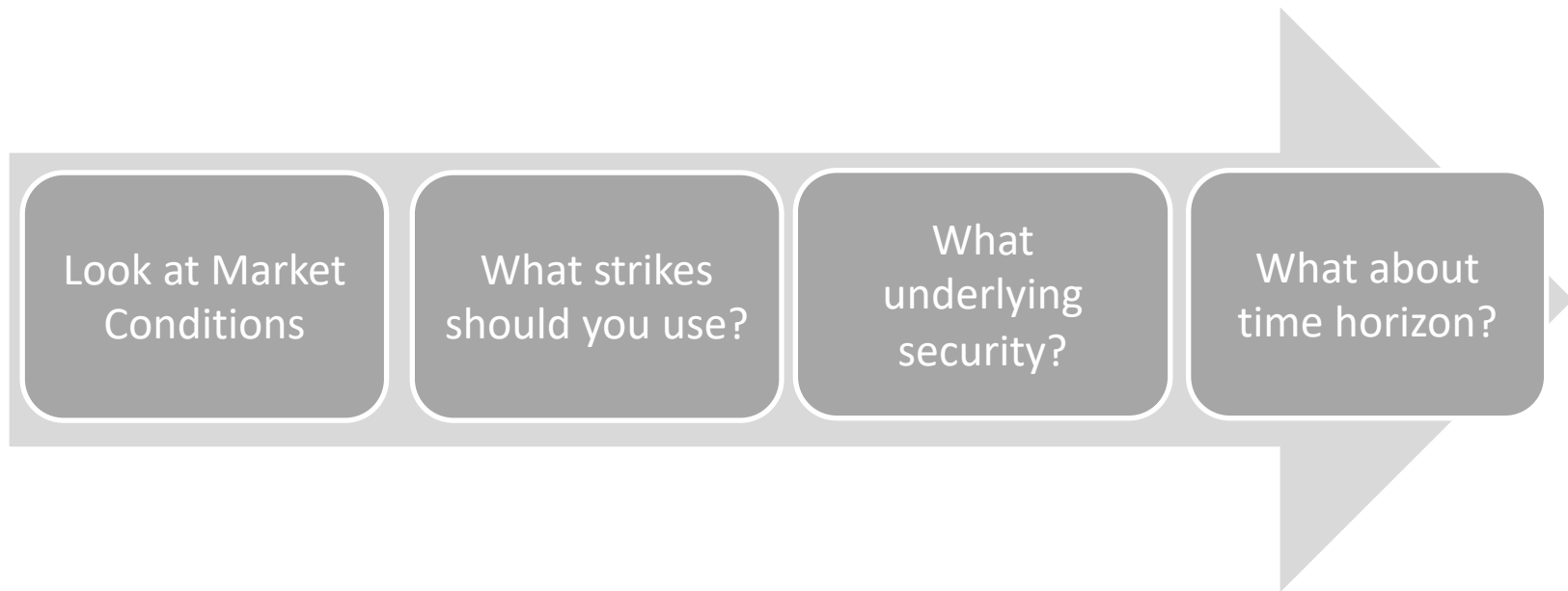
SPDR[®] S&P 500 Credit Spread Strategy

- Seeks to harvest premium on a continuous basis to the portfolio using both put spread and call spread premium on SPY ETF.
- Makes use of short-dated and long-dated options
- Seeks to outperform the underlying benchmark index net of fees.
- Can be used on any equity index or index ETF.

2021 approach for retirement accounts

- Combine weeklies and traditional monthlies to harvest premium
- Weeklies setup could be as short as 14 days
- Use of at least 2 weeklies and the traditional monthly in any given month
- Consider an outright hedge

Making option-based strategies work in a retirement account.....



Options involve risk and are not suitable for all investors. Multiple leg strategies, including spreads, will incur multiple transaction costs

Let's talk...

Email me gryan@iurcapital.com to request the slides or to have a chat....