

Getting Paid to Be Patient: One of My Favorite Income Strategies

Over the last couple of years, I've been preparing for my [post-active income era](#), where the name of the game isn't just growth, but *capital efficiency*. I want my money to work harder while I take less risk. One of my go-to strategies in this pursuit?

Collateralized put writing.

It's not new. It's not flashy. But it's one of the most reliable ways I've found to get paid while I wait—**locking in discounts on stocks I want to own anyway**, collecting premiums upfront, and putting my idle capital to work in treasuries *while I wait for the market to come to me*.

I recently stumbled on [this great piece by Neuberger Berman](#) that explains the logic behind this strategy really well (it motivated me to write this post, as I've been doing this for the last couple of years with the substantial increase in interest rates). I'll be borrowing a few of their visuals (with credit), and breaking it all down into plain-English.

So, What's "Put Writing"—Really?






Put writing, at its core, is about selling someone else the *right* to sell you a stock at a pre-agreed price (the "strike price") before or on a certain date (the "expiry"). In exchange, **you get paid a premium upfront**.

If the stock falls below the strike price? You buy it at that price (which you were happy to pay anyway). If it doesn't? You keep the premium and move on.

It's like placing a limit order and getting *paid* while you wait.

Visual from the article:

Figure 2: Collecting Put Premiums Can Provide Income/Buffer Losses in Flat/Down Markets

	Underwrite	Own	
			
	Starting value	\$100	Starting value
			\$100
 Up +5%	Premium collected	\$2	Capital appreciation
	Ending value	\$102	Ending value
			\$105
 Flat 0%	Premium collected	\$2	Capital appreciation
	Ending value	\$102	Ending value
			\$100
 Down 5%	Premium collected	\$2	Capital depreciation
	Option liability	-\$5	Ending value
	Ending value	\$97	Ending value
			\$95
			UP MARKET Underperform: Premiums collected are less than the market gain
			FLAT MARKET Outperform: Continue to collect premium despite flat market
			DOWN MARKET Outperform: Premium collected buffers the liability generated from down market

I'm not trying to time the market. I'm trying to own great assets at better prices—or get paid to not own them at all.

Why I Use *Collateralized Puts*

The big caveat here is that I only write **cash-secured or collateralized** puts. That means I have the capital set aside—fully collateralized—to buy the stock if I'm assigned. I'm not using margin, I'm not gambling. I treat the premium income as a bonus on top of **4.25%+ yield I'm earning on T-bills** while the trade is open.

It's about **risk-mitigation first**, return second.

There's a world of difference between being *speculative* and being *strategically opportunistic*.

Here's why I love this strategy right now:

- **Capital security** – I'm covered. No margin calls.
- **Premium income + interest income** – A two-for-one.

- **Price discipline & discount** – I define what I’m willing to pay (like setting a limit order) and get paid for waiting to see if I get “filled” at below market prices.
- **Elevated volatility = fatter premiums** – When fear rises, I get paid more.

This setup works best when interest rates are elevated – even better when volatility spikes, because premiums get fatter.

But Isn’t There Risk?

Of course there’s risk. You could be assigned the stock that drops even further. That’s why I only sell puts:

- On companies I’d be *happy* to own at the strike price less the premium collected (effective price).
- At position sizes I’m comfortable holding.
- When the risk-reward makes sense *based on the premium and fundamentals*.

Put writing isn’t a set-it-and-forget-it gimmick. It’s an *intentional way to own stocks cheaper—or not at all—and still get paid*.

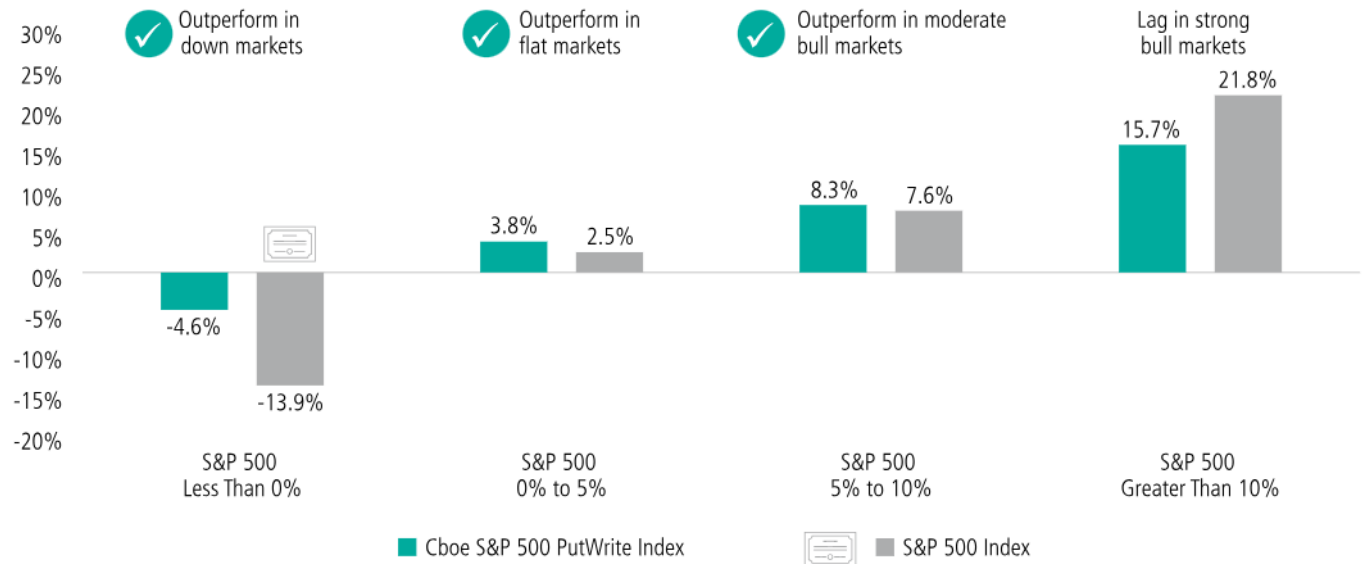
Pro Tip: Don’t sell puts on meme stocks. Stick to names with real earnings, durable advantages, and sound balance sheets.

What the Data Shows (Hint: It Works Over Time)

The Neuberger Berman article shows a consistent track record for collateralized put writing.

Visual from the article:

Figure 3: Collateralized Put-writing Can Beat Owning Equities in Many Environments



Source: Bloomberg LP. Index data is gross of fees, and the selected time period reflects the indices' longest common history. The CBOE S&P 500 PutWrite ("PUT") Index inception in June 2007, but CBOE makes available historical backtested data through June 30, 1986.

Note: Indices are unmanaged and not available for direct investment. SPX index put options receive 1256 treatment by the IRS, and hence get 60% long-term and 40% short-term capital gains treatment. In up markets, put-writing typically will not participate in the full gain of the underlying index above the premium collected. Past performance is no guarantee of future results.

You won't always beat the market, but your drawdowns will be reduced significantly. And when you stack premium income + interest on collateral, the net effect compounds fast.

Put writing is like selling insurance in a market that often overprices fear—and underprices patience. **(Volatility ≠ Risk. Volatility = Opportunity)**

How I'm Doing It Today

Right now, I'm mostly writing puts with 45 to 365 days to expiration on:

- Large-caps I already follow (like TSLA, AMZN, GOOG, BLK).
- ETFs (like SPY, QQQ, IWM, TLT, IBIT – yes, some Bitcoin).
- Stocks I'd buy at a 5–15% discount from current levels.

I keep my allocation to this strategy disciplined, and at any given time I only use

25-50% of the collateral available (mostly t-bills but some cash, never margin). The result? A steady stream of income that doesn't require me to chase returns or sit in cash waiting for corrections.

Here is a summary of the Interest + Premium that I've earned so far:

- 2023: ~\$65,000
- 2024: ~\$190,000
- 2025 YTD ~\$301,000

Note: The amounts above have continued to increase because the amount of treasuries or cash I have/had in my brokerage has increased substantially from year to year due to liquidity from my business equity. I started moving funds to my brokerage in September of 2022 and made my first treasuries purchase in October of 2022 in the amount of \$200K. Today in July of 2025, I hold ~\$3.1M in short-term treasuries. This strategy is in addition to dollar cost averaging about \$40,000 per month into index funds and the occasional lump sum purchase when prices are attractive (like the April 2025 sell-off when the S&P 500 was down 19% at one point).

Final Thoughts

We're in a high-rate, high-valuation, low-yield world. Most people don't realize there's a way to turn *waiting* into a consistent cash flow strategy that also keeps you protected.

Selling collateralized puts is a way of monetizing patience, discipline, and liquidity. And in this phase of my financial life—that's exactly the kind of edge I want.

If you want to go deeper into the mechanics, check out the original piece that inspired this post from Neuberger Berman: [Putting Put Writing Into Perspective](#)

In the meantime, I'll be over here... **getting paid to wait.**

- Gen Y Finance Guy



Gen Y Finance Guy

Hey, I'm Dom - the man behind the cartoon. You'll notice that I sign off as "Gen Y Finance Guy" on all my posts, due to the fact that I write this blog anonymously (at least for now). I like to think of myself as the *Chief Freedom Officer* here of my little corner of the internet. In the real world, I'm a 30-something former C-Suite executive turned entrepreneur turned capital allocator. I am trying to humanize finance by sharing my own journey to Financial Freedom. I believe in total *honesty* and *transparency*. That is why before I ever started blogging, I decided that I would share all of my own [financial stats](#). I do this not to brag, but instead to inspire motivate, and also to hold myself accountable. My goal is to be a beacon of hope, motivation, and inspiration for *you*, the reader, by living life by example and sharing it **all** here on the blog. My sincere hope is that you will be able to learn from me - both from my successes and my failures! [Read More](#)