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After the market meltdown in 2008 and early 2009, the big bounce that investors have seen in stocks has given beaten-down investors some relief after seeing their portfolios suffer big losses. But after a year during which stocks have moved up and down sharply without making much overall progress, many are concerned that the next big move for the market may be down, and they don't want to lose all the money they've earned back. To preserve your wealth against falling stock prices, consider buying put options. By owning puts, you can ensure that even if your shares drop in value, you can sell them at the price you pick within a certain period of time.

Time to take profits? One concern about put options is that they can get pricey for volatile stocks. When demand for protection increases, especially during shaky times for the stock market like we saw earlier this year and during the market meltdown, you'll pay more for puts. To measure how much options cost, options experts look to the S&P 500 volatility index, or VIX. While the VIX went to unprecedented high levels during the financial crisis and was relatively high as recently as May, it's now much lower, near a 52-week low. Thus, if you want to protect your stocks and lock in the gains in your portfolio, then you can do so now without spending as much as you would have to buy puts earlier in the year.

Which option you pick depends on how long you want protection and how willing you are to give up some of your profits. You'll pay more to buy puts with more time until expiration, puts on volatile stocks, and puts with higher strike prices. Take care of how much you spend on puts because you may end up not needing that protection at all.

Buying peace of mind:- Conceptually, put options are a lot like an insurance policy. If your stocks fall, paying a relatively small amount to limit your losses may well be worth it. If, however, shares rise or even stay flat, you would lose the entire premium you paid on most of the options listed above. In fact, if your option's strike price is below the stock's current value, you could actually see your shares drop and still suffer a complete loss on your put option.

Even though they're cheaper than they were during the financial crisis, puts are expensive enough that you don't want to count on them as a permanent fixture in your portfolio. As you can see from the examples above, you can easily pay between 3% and 8% of the stock price for protection from a drop of more than 10% and even those options last for only a few months. Still, if owning a put makes you feel more comfortable staying invested in the market, then your future gains could well make what you spend on puts look like chump change.

Protecting profits is just one way that our Motley Fool Pro service has used to deliver strong returns since its launch. It's been closed to new subscribers for 18 months, but in January, the service will briefly reopen its doors. As a limited-time offer, though, you'll need to act fast. To learn more about Motley Fool Pro and how options and other investing strategies can help you make money, just enter your email address in the box below to get the latest information.

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