

# Small Account Put Credit Spread Trading Plan

Optimized for accounts under \$5,000, with safe sizing, simple rules, and clear visual logic.

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## Core Principles for Small Accounts

- Keep trades **small, defined-risk, and high-probability**.
  - Focus on **liquid tickers** only.
  - Prioritize **risk management over premium size**.
  - Never let any single trade threaten the account.
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## Market Conditions (Small-Account Optimized)

- Market trending **up or sideways**.
  - Avoid downtrends unless trading call spreads.
  - **IV Rank  $\geq 50\%$  required** for all trades.
  - Do NOT trade within **7 days** of earnings or major catalysts.
  - Avoid low-volume tickers and penny stocks.
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## Expiration (DTE)

- Ideal: **30–45 days**
  - Close early: **7–14 days before expiration**
  - Small accounts should avoid <14 DTE due to gamma risk.
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## Strike Selection

- **Short Put:** 0.20–0.30 delta
  - **Long Put:** 5–10 delta
  - Spread width: **\$5 preferred**, since most liquid tickers use \$5 increments
  - Must collect **at least 20% of spread width**
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## Premium / Credit Rules

- Minimum credit:
- **At least 20% of the spread width**
- **Target 20–33% of the width**
- Skip trades where credit is too small or liquidity is poor.

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## Position Sizing (Critical for Small Accounts)

- Max risk per trade: **2–5% of account**
  - Never open more than **2 spreads on the same ticker** at once
  - Avoid correlated tickers (e.g., AAPL + QQQ)
  - Prefer ETFs for stability (SPY, QQQ, DIA, XLF)
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## Trade Management

### Max Loss Avoidance Rules (Critical)

-  **Exit if short-delta reaches 0.40** (early warning signal)
  -  **Exit if price closes below your short strike**
  -  **Exit if spread value reaches 150–200% of the credit received**
  -  **Never hold inside 7 DTE** (gamma risk too high)
  -  Take profit early at **50–75%** of max profit
  -  Roll early if trend breaks or volatility spikes
  - **Take profit at 50–75%**
  - **Stop-loss:** spread reaches **150–200% of credit**
  - Close early if:
    - Trend breaks
    - Price closes below key support
    - Volatility spikes
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## Small-Account Safe Ticker List

- SPY
- QQQ
- DIA
- XLF
- IWM (with caution)
- Large, liquid S&P 500 names

Avoid all: - Small caps - Low-volume stocks - Earnings week names

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