

Small Account Put Credit Spread Trading Plan

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

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.

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)

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

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
