

# ■ Hedge Checklist for Options Traders

## ■ Small Accounts (\$10K–\$20K)

Portfolio Review: Mostly ETFs or few stocks?

Portfolio Review: Concentrated in one ticker?

Hedge Setup: Add SPY/QQQ put spread (~\$500)

Hedge Setup: Buy 1–2 VIX calls

Income: Avoid naked puts/calls

Income: Use bull put spreads

Income: Use bear call spreads

Risk: Max loss per spread  $\leq$  10% of account

Risk: Hedge cost  $\leq$  5% (offset with income)

## ■ Larger Accounts (\$50K–\$100K+)

Portfolio Review: % in buy-and-hold?

Portfolio Review: % in income trades?

Hedge Setup: Buy SPY puts (1 per ~\$50K)

Hedge Setup: Use SPY put spreads if cheaper

Hedge Setup: Add 2–5 VIX calls

Income: Run covered calls on core holdings

Income: Sell cash-secured puts (or spreads)

Income: Roll calls down in corrections

Risk: Hedge cost  $\leq$  3% of portfolio

Risk: No single position  $>$  10% portfolio

Risk: Collars for near-zero risk

## ■ Quick Rules of Thumb

Small accounts = always spreads + index hedges

Large accounts = mix of covered calls + VIX insurance

Target: hedge cost offset by option income