HOW TO LIVE ON $500 A MONTH
We continue to get emails from readers who have suffered fender benders – or serious accidents – on life’s financial highway.

More than any other factor, divorce seems to leave the pavement slick and treacherous. Now, readers report that they are at or near retirement age... with few resources.

What should they do?

You will not miss the irony: Your editor is not a poor man. Far from it. What expertise has he in this area?

He remembers with fondness the poverty of his youth. And he uses his imagination to think about how he might recapture the poverty, if not the youth.

And he put the question to his team of crack researchers: What if you wanted to live well on $500 a month? What would you do?

We take $500 as a starting point. Most of the readers we’ve heard from report struggling to live on around $1,000 a month in income. We will aim to live on $500... and save $500. In five years, we will have $30,000 – enough to buy a plot of land and a down payment on a starter cabin. [For ideas on how to purchase inexpensive land, see our special report titled, "How to Get Your Very Own Homestead on the Cheap."]

Our researcher Nick Rokke responded quickly:

The challenge is living on that little. It is impossible to live on $500 a month in the U.S. the way we are accustomed to living.

Forget about renting an apartment. Even if you had a roommate in a one-bedroom apartment, you’d each pay $385 on average. Add that together with an average $71 cellphone plan, and you only have $44 left for food – that’s not going to work.

A much cheaper alternative is to buy a used motor home. I found a 1998 Windsport for $14,500. You can finance that over 10 years at 5% interest for a monthly payment of about $135. You can get insurance for as little as $65 a month.

Your accommodation expenses = $200 a month.

The trick with RVs is that you often cannot live out of one... even on your own land. There are many ordinances around the country discriminating against permanently parking an RV somewhere. And a spot in a trailer park can run upward of $200 a month. You will have to move it around.


Another place you can put your RV is a free campground. There are many of these run by the Bureau of Land Management in the western half of the United States. These also won’t let you stay indefinitely, but most will let you camp out for a couple of weeks. Check out [www.freecampgrounds.com](http://www.freecampgrounds.com) for other places to go.

The next biggest expense will be food. You could reasonably feed yourself for $150 a month. This won’t get you organic, grass-fed, pasture-raised animal products, but you can eat simply. There’s always the old ramen noodle standby. Include a multi-vitamin if you’re worried about malnutrition.

Total house and food expens-
You are going to need a bike to get around to places. You can’t take your RV out for leisure rides. This will be important for errands or visiting friends.

I found a used bike online for $1.

Other odds and ends:
- $50 a month for RV and bike maintenance
- $25 a month for gas – That will get you 10 gallons of gas, or about 80 miles, in the average motor home
- $10 for a gym membership (you need to shower somewhere)
- $10 for a prepaid phone through Tracfone
- $0 for Internet – Go to the library or other public area… or use data services such as Skype for your calls
- $10 for batteries to power things at night in your motor home
- $10 for soap and toiletries
- $35 for miscellaneous expenses

Total = $500

Hmm… Our goal is to live better. We’re not sure if a used motor home in a Wal-Mart lot will take us where we want to go.

Our son Will has been looking at shipping containers. You can buy them for as little as $1,500. They are spacious. They are strong. They can be outfitted in almost any way you like. And they can be set up easily, almost anywhere you like.

From container living website www.ContainerHomePlans.org comes this information:

There are an estimated 17 million of these throughout the world at the moment, with around six million currently in use; this means there are literally millions of these containers that aren’t in use that could be recycled and put toward a better use.

Recycling shipping containers into homes is one of the more eco-friendly approaches as it avoids the energy-intensive process of melting the steel back down while it’s being recycled.

First, they aren’t susceptible to dry rot and other fungus infections. Second, wood is predisposed to mold, which steel isn’t.

Finally, water leakage is much more common in log cabins when compared to the steel roofs on container homes.

Container houses are cheap, flexible, and fast, say proponents. Those who’ve tried them report making complete houses out of them for as little as $20,000.

If – if – you were able to finance that… at 5%… you’d pay about $100 a month.

But wait. You have to put them somewhere.

Hmm… How about this?

Maybe you could build a house out of containers on someone else’s land. You live there. But when you die or leave, the container house reverts to the landowner.

Are container houses BETTER than regular houses?

Remember, that is our goal: to live better on less. For that, we might need to think out of the container box.

Here’s Nick again with some other alternatives:

We realize RV living isn’t for everyone, so we found more alternative homes you can purchase. In the example, the total expense for the RV was $275 a month. To stay around that level, the total cost of your new home needs to be under $25,000 (assuming a 5% interest rate and a 10-year loan period). And that’s if you don’t need to buy any insurance or take care of other expenses. You won’t be able to get much, but there are a few options.

Note: We believe all these options can be financed. However, you might need a good relationship with a small community bank or credit union to get a loan for these. Credit cards are also an option – you might be able to take advantage of balance transfer promos for some of the lower-priced options. Please keep that in mind if you go down one of these routes.

Tiny homes – These are made of the same materials as standard houses but are generally less than 200 square feet. These tiny houses have all the features of a normal home, including a toilet, shower, bed, kitchen, etc…

While some can be expensive, if you are willing to live simply you can own a tiny home on this budget. A basic, fully functional tiny house can cost less than $25,000. If you are willing to do most of the work, this person shows how he built one for less than $8,000: http://tinyhousebuild.com/the-incredible-8000-tiny-house/.

Car – We never said living on $500 was going to be glamorous. It is possible to sleep in the back seat of a car or a van. Some full-size vans actually have a seat
that folds into a bed. We just found a 2002 Ford E-150 full-size van going for $4,500. If you can get a five-year loan on this, your monthly payments will be $85 – leaving more than enough for insurance and a little gas.

Or, if you want more of a camping experience, you can sleep in the bed of a pickup truck. They make tents the exact size to fit in a standard pickup truck bed, which you can buy for $170 brand-new. We just found a 2006 Dodge Ram 1500 Quad Cab truck for $4,450 on www.cargurus.com. That will have the same $85 monthly payment as the van above.

Tent – Camping is a way of life for some people... and it’s cheap. You can get a used three-person tent for $15 on Craigslist or a new one for $159 from REI.

There are many places you can pitch a tent. If you can use someone else’s land, that will allow you to avoid camping fees.

Or listen to this Diary reader...

“Buy a tent and live on the beaches in North Oahu as many locals do. You can receive generous state benefits up to $50,000 – the highest in the nation. Take up surfing and have a great life! Your cost would be a one-way ticket, a tent, and a few bucks until you meet the qualification guidelines. Ah, the good life... thanks to our government.”


If you do go the tent route, weather is a serious consideration. Here are the 10 states with the best weather year-round – http://www.currentresults.com/Weather/top-10-us-states-with-best-weather.php.

Log cabin – You can live like a pioneer by making your own home out of logs. If you buy land in a forest, you can even get the wood for free; just chop down your trees. This is what Marty did on the popular TV show Mountain Men.

Here’s an episode in which he starts building a log cabin himself: http://www.history.com/shows/mountain-men/videos/mountain-men-going-for-broke.


This cabin won’t have many of the modern luxuries we are used to, but you can make it for the cost of a chainsaw ($500), a few hand tools ($100), and nails ($100).

If a log cabin seems like too much work for you, try building a mud hut like this guy: https://www.youtube.com/watch?v=nCKkHqlx9dE.

Room – While you aren’t going to get a place to yourself with this budget, there are many rooms for rent around the country for under $275 a month. The upside is you can live how you are accustomed to living: in a house or an apartment. The downside is you will be sharing bathrooms and kitchens with people you don’t know.

A popular website (and more reputable than Craigslist) is www.Kangaroom.net. Looking through the country, we found rooms for under $275 a month in just about every state.

Move south – If you move to a country in Latin or South America, you can find even more deals for better prices. Airbnb has many rooms for rent under $12 a day south of the border. While that ends up being more than $275 a month, many of these places will give a deal for longer stays. Also, these are just the prices for places tech savvy enough to be on the Internet. Once you get down there, you will hear of even cheaper places.

Another benefit of being in a lower-income country is that the food is cheaper. Oftentimes, you can find a meal for $2 in a restaurant or a week’s worth of groceries for $20. It is cheaper to lead the good life in other countries.

Climate-controlled storage unit – People put their most important extra junk in climate-controlled storage units. Sometimes, it’s important that things are stored at a certain temperature and a certain humidity. These storage units let you set these features.

Every major city has multiple climate-controlled storage units. Theoretically, you could live in one as well. This might be against the terms of the lease, but if you’re sneaky, you could pull it off.

Many of these storage units
also have electrical hookups in case you need to plug in an appliance for proper storage of your goods. You can use that to plug in a light or an electrical burner for cooking. We even found one 10-by-20-foot unit that rents for $187 a month and will accept mail for people with storage units. Check it out here: https://www.sparefoot.com/Pompano-Beach-FL-self-storage/Extra-Secure-Self-Storage-and-Uhaul-Rentals-69455.html.

Be a caretaker – Many families are looking for people to help with day-to-day errands. One job ad we found was posted by a family looking for a couple to help them with their house and kids:

Looking for Household Manager and Family Cook.

Family with a busy lifestyle is looking for a hands-on domestic couple to oversee and maintain household operations and maintenance of their Miami home and meals preparation for family. Occasional traveling to their other properties.

Candidates for this position should be neat, meticulous, detail-oriented, self-directed with outstanding follow-through.

COUPLE MUST HAVE:

- Great attitude, friendly, and happy to do what needs to be done with a smile and to keep the working environment a happy place for everybody.
- Excellent skills for teamwork to get along with the family’s other staff and caretakers from their other properties.
- Excited by the opportunity to help the family enjoy a busy lifestyle.
- Willing and able to travel to family’s other properties in Bahamas and North Carolina if needed.
- Legal documentation to be able to travel internationally.
- Impeccable driving records.

For something like this, you would get paid. But another less stressful option is to watch someone’s extra properties. Many of these positions don’t come with a salary, but they do allow you to live on the property in exchange for taking care of it. There are several sites with potential openings such as www.caretaker-jobs.com and www.caretaker.org.


This option requires work, but if you can live for free while collecting your fixed-income check, you can save even more. This will allow you to save up for your retirement dream even quicker.

Oh, Give Me a Home...

We return to our ultimate goal. We’re aiming to live on $500 a month so we can save the other half of our $1,000. That will give us $50,000 in five years – enough to buy a plot of land and make a down payment on a starter cabin.

But where to find land cheap enough?

We turn to Nick one last time:

We found many plots of land for sale in that range. We even found a handful that could be had for less than $20,000... and even some for less than $10,000.

As of December 2015, there is a five-acre plot of land in Fort Garland, Colorado, for $2,750.

There’s also a one-acre plot in the mountains of Clay County, North Carolina, for $8,900.

There’s also a 20-acre property in Hudspeth County, Texas, for $16,900.

There are few dinners at fine restaurants in this budget. But at least now we have a plan to recapture the fondly remembered poverty of our youth.

First, a glass of Malbec...