

What is a Bare-Bones Budget?

HOOK:

Start with a HOOK! What is your specific video about? What is the struggle that your audience member is having? Why would they be clicking on your video? What is the line that you are going to share that is going to keep them tuned in?

Has job loss, debt, or unexpected life events wrecked your finances? If so, using a bare-bones budget is a perfect way to get back on your feet.

INTRO:

Introduce yourself in at least 5-7 seconds.

Hi and welcome back. I'm Kamika and this is Well Balanced Wallet where I help you create healthy money habits and live a life that you love on your current budget.

PLAN:

Share what you are going to cover in this video (this is where you share why they should even be sticking around).

In today's video, we are talking about the bare-bones budget. I'm going to talk about what is considered a bare-bones budget, what categories to include, and how to cut expenses for your own bare-bones budget.

PARABLE:

Tell a quick story pertaining to why you decided to talk about this topic (People love stories, and stories sell!)

In 2015, my husband and I lost more than half of our income. We were newly-weds, just starting out with our adult jobs and life was good until it got scary. My husband had to have a few brain surgeries and was not able to work for the 2 years that followed. During that time, we had to live on a tight, bare-bones budget. We didn't know how long this situation would last, but we were grateful to have a bare-bones budget in place to keep us above water.

TEACH/SHARE: 3-5 points

POINT 1: What is a bare-bones budget?

So what is a bare-bones budget? A bare-bones budget is a budget that only includes expenses that are mandatory to survive and fulfill your financial obligations. You may also hear it referred to as a noodle budget or a beans and rice budget.

This type of budget is meant to be temporary since it doesn't include room for extra spending and can be hard to maintain permanently.

We had to use our bare-bones budget for two years, but we made a few adjustments along the way to make it a bit more sustainable during that time.

POINT 4: Why do you need a bare-bones budget?

There are a few reasons why you may need a bare-bones budget.

One reason is if you find yourself in an emergency situation. Knowing what your bare-bones budget looks like can help you easily eliminate expenses while you're going through a crisis.

Another reason to have a bare-bones budget is to be aware of how much money you spend in relation to how much money you need to survive. This awareness can help you make decisions on your financial priorities and adjust your spending habits to match your goals.

The last reason is that a bare-bones budget is a great way to make progress towards your financial goals. Adopting this type of budget, even for a few months, can help you pay off debt or save for an emergency fund faster than using a normal day-to-day budget.

POINT 2: When to use a bare-bones budget?

Bare-bones budgets are most commonly used during a time of crisis. Sudden job loss and health issues are some of the main reasons that you would use a bare-bones budget.

Other reasons include

- dealing with a family crisis
- experiencing a natural disaster
- having a medical emergency
- paying off debt
- building your emergency fund
- breaking unhealthy spending habits
- getting ahead of the paycheck-to-paycheck cycle

Cutting expenses to the minimum while you look for a new job or recovery from a medical incident helps relieve some of the stress, especially if you planned your bare-bones budget ahead of time.

2020 was a perfect example of when to use this type of budget. The world was uncertain and people were being laid off. Switching to a bare bones budget during this time is the only way some people were able to survive.

Whether the need comes from external situations or internal motivations, a bare-bones budget is a valuable resource to help you get through tough times.

POINT 3: What to include in a bare-bones budget?

The purpose of the bare-bones budget is to cut everything down to the essentials. Essentials include food, utilities, shelter, and transportation.

A bare-bones budget does not include things like vacations, new electronics, or expensive dinners.

When creating your temporary budget, you have to ask yourself if you should keep, reduce, or eliminate each line item.

For our bare-bones budget, we kept things like our rent, all forms of insurance, and gas.

We decided to reduce our grocery budget, took to restaurant budget down to \$30 per month, and reduced the number of streaming services that we used to one.

We eliminated cable, extra debt payments, and most forms of entertainment.

One thing to note is that we kept our spending money because we wanted to feel like we had some sort of freedom in our budget. We reduced the amount to \$25 each per month and we actually still use this amount in our normal budget today.

The bare-bones budget is going to look different for everyone. The goal is to only spend money on the essentials until you are back on your feet.

POINT 5: How Long Should You Stay on a Bare-Bones Budget

The amount of time you stay on a bare-bones budget depends on your reason for using one.

If an emergency has caused you to use a temporary budget, stick with it as long as your situation is uncertain.

For goal-driven reasons, you can use a bare-bones budget until you reach your goal or a pre-defined milestone.

For example, you could use this budget until you fund your emergency fund.

Another option would be to use a bare-bones budget at different times throughout the year to make sprints toward your goals.

This sprint approach is good for paying off debt.

Using a bare-bones budget over a long period may be hard to sustain, but in a lot of distinctions, the light at the end of the tunnel will help you stay motivated to keep going.

Challenging yourself to create a bare-bones budget may even help you identify and eliminate unnecessary expenses that can help improve your financial position.

RECAP:

Summarize what they just learned

Having a bare-bones budget in place can be a lifesaver if you ever find yourself in an uncertain financial situation. It can also be helpful if you're trying to get ahead on your financial goals.

I hope you never *need* to use a bare-bones budget, but knowing what that looks like is beneficial even if you never have to reduce your spending to match.

Now I want to hear from you. Do you have a bare-bones budget ready to go in the case of an emergency? If not, do you plan on creating one?

Next week I will be walking you through how to create a bare-bones budget step-by-step.

Call To Action: What should they do next?

If you have a video that you would like for them to watch after, or a playlist that is related to this video that they might be interested in, or something that they should sign up for or buy, now is the time to share that.

That's all for this video, be sure to give it a like, subscribe and click the link on your screen right now to learn how to save an emergency fund quickly.