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How old is that \$10 bill in your pocket?

Have you ever wondered what the lifespan is for ‘paper money’? Well it’s probably a lot shorter than you would guess. As paper money circulates, bills fade, rip, tear apart, become lost, and accidentally get thrown away. So, how long does paper money actually last? Each denomination has a different lifespan, depending on how often it is used. The \$1 bill is the most commonly used paper money in this country, followed by the \$20. In 2021, over 7.5 billion new separate notes were ordered to be printed!

Not surprisingly, the \$100 bill has the longest lifespan. The Fed doesn’t track the \$2, since it is so infrequently circulated. Here are the latest statistics:

DENOMINATION	# OF YEARS
\$1	6.6
\$5	4.7
\$10	5.3
\$20	7.8
\$50	12.2
\$100	22.9

How money enters into circulation

The U.S. Federal Reserve Board controls the money supply that circulates around the country and around the world. The Reserve estimates that most of those bills are actually doing so outside of the U.S.!

The Fed is responsible for determining how much new currency to order each year. It bases its decision on numerous factors, including the anticipated demand, new designs on the bills themselves, current inventory, and by how much currency will need to be removed from circulation by Reserve Banks and destroyed. (The majority of newly created notes are due to unworthy bills being removed.) It is also estimated that we accidentally throw away or lose hundreds of millions of dollars every year!

The Reserve determines the specific need by denomination and orders new currency from the Bureau of Engraving and Printing, which manufacturers and delivers it straight to the Reserve Banks, where the notes get further distributed throughout the economy. (Each bill costs approximately four cents to produce.)

How and why bills get taken out of circulation

The Fed is also tasked with determining what bills need to be removed from circulation to be destroyed and replaced. These decisions are based on many factors, including the size of any holes in the bills themselves. (Holes larger than 19 millimeters immediately deem the bills to be unfit.)

It also removes bills that are too dirty, worn out, or ripped (less than half remaining) to a point where they are no longer stable. Also, all \$5, \$10, and \$20 bills printed before 1996 are removed, regardless of the condition they are in.

The bad bills are sent to the Bureau of Engraving and Printing, which then shreds the faulty currency, with over 90% being recycled and used to make products such as cement, insulation, potting soil—there are even recycling plants that burn the shredded notes and convert them into electricity!

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