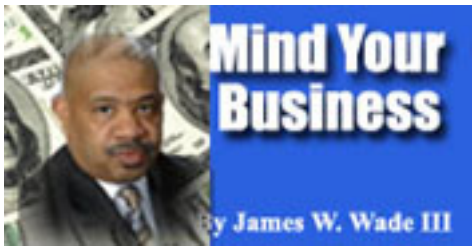

Make your dollar work for you

Since 2002, the dollar has lost about a third of its value compared with other currencies. That doesn't sound good and it's not, especially if you're a Japanese exporter or an American tourist. Experts argue about the many effects of the dollar's fall and what it says about confidence in the American economy, with its decades-old trade deficit and mounting national debt. As a child, I would beg for .50 cent to get a bag of chips and a can pop. Now kids ask for dollars because there's nothing they can do with change. We use to take pop bottles to the store to exchange for money just to buy penny candy. Over the years, all things have changed and it makes you wonder just how much your dollar is really worth. I knew my parents worked so I felt they were cash machines (how many times did your parents tell you that), laughing, because I hear it in my head right now.

Okay, maybe they said, 'do you think money grow on trees?'

I am sure you have heard those phrases growing up.

In reality the dollar's value can be measured by exchange rates, treasury notes, and the amount of dollars held by foreign countries. These three measurements usually are in sync with each other. No matter how you measure it, the dollar is losing value over the long-term.

I use to go to Chicago to spent time with my grandparents, thinking that was my mother's way of getting rid of me for awhile. But, while in Chicago, I would spend time with my cousins Henri, Vanessa, and Jinx.

My grandfather would always send us to 'Jew Town' to buy jeans and various items because that was the place to go shop yet save money. I realized you could buy more there then you could in the downtown stores.

Without giving it a second thought, I felt my grandfather had all the money, was an ATM machine. Now, at home, it was not that fairy tell story. My mother made me aware of how much those dollars meant. The dollar has been through a lot.

But, with all the trouble the dollar has been going through, it still must have some value. Right?

So, this got me thinking about the value of a dollar over time.

Now, I'm not talking about the buying power of a dollar or the effect of inflation on the dollar. I'm just talking about a basic calculation of how much a dollar can grow over time.

In an economy that places such a high value on things, it's no wonder we have forgotten what

the true worth of a dollar really is. We no longer see its value in terms of the time. We have put into earning those things and that can cost us days, even years, of our life.

How much is your dollar worth?

It might sound like a weird question but seldom do people think how much they actually make when they earn a dollar and the amount of taxes generated from a single dollar bill.

Approximately 45 percent of all bills in the US are one dollar bills. The average life expectancy is approximately 24 months. That's because it's the most widely exchanged bill in the US. The wear and tear alone causes the US mint to have to take them out of circulation and replace them that often.

The average one dollar bill changes hands approximately 1,225 times during its life. On average, people have to pay 25 percent in state and government taxes for every dollar they make.

Also, on average, people have to pay between 7 to 10 percent in sales tax for every dollar they spend. I was watching television and saw more stories about people using coupons to grocery shop.

The key to saving the dollars is making sacrifices. If you're serious about cutting the fat out of your budget, try to hit those things that aren't really doing much for you. Sorry to be a wet blanket but vices are a good place to start.

The moment you downsize, whether it's your car, house or your entire life, you'll immediately notice what a big break you'll be giving your wallet. Everything we own these days requires some amount of maintenance and what many people don't realize is how much it costs to sustain the stuff we buy.

The bigger your car, house, or hobby, the more money you end up shelling out to maintain them. Clearly, downsizing and simplifying means less maintenance and therefore less bucks spent.

Have you ever thought about working harder on your job to get a raise?

Many can always try to do better at our own jobs and work on nurturing and cultivating our career. Some jobs, especially those that are offered by some of the best companies in the nation, provide so much more than a basic salary.

You can toss in various perks as well, such as raises, bonuses, matching 401Ks and even stock option plans in the mix.

All I am trying to say is try to make some side money to make your dollar grow bigger and stronger for yourself. Once you have some disposable income after retiring your consumer debts, get your money to work for you by investing prudently.

After some time, the compounding effect on your money makes it seem like you have an extra income source. Actually, a good investing strategy allows you to develop a healthy, passive income stream.

Before we hit this bad time in our economy, you could easily change jobs. This used to be a strategy. You can be quite driven about your career. At one point, the job market made it where you were quite fearless at pursuing various job opportunities during the tech boom in the 1990's. Definitely, a big motivator was the compensation offered at that time. During the dotcom period, companies would outbid each other over resources, particularly over employees and workers. Also during that era, job hopping was a lucrative way of making more money.

So remember… when you get that paycheck, a dollar saved is better then a dollar earned. Sometimes being frugal is such an important aspect of wealth building.