

Want to bet on your home?

Chicago exchange to offer housing futures contracts in April

By WILL DEENER
Staff Writer

Pig farmers and soybean producers can use futures contracts to lock in favorable prices, so why not homeowners?

Soon, they'll get the chance.

The notion that homeowners should be able to hedge against falling prices has been floating around in academic circles for years. Finally, the Chicago Mercantile Exchange says it will begin offering housing futures contracts in April.

"The driving force behind the development of housing futures has been the housing boom of recent years," said John Labuszewski, managing director of research

at the exchange.

The median home value currently stands at \$190,000, which is up 65 percent over the last five years. And many areas of the country saw home values double and triple.

The value of residential real estate now totals \$18.6 trillion — or about \$3 trillion more than is held in domestic stocks.

"We tell people about risk in the stock market all the time,"

said Anthony Sanders, professor of finance at Ohio State University. "But then when it comes to housing, which accounts for 90 percent of most people's portfolio, we don't say anything about risks."

Although most small investors aren't familiar with the futures market, it has been around for about 150 years.

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PERSONAL FINANCE

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RANDY MACK BISHOP/Staff Illustration

Enriched nest eggs

Defined-benefit plans are a hit with boomers at small firms

By PAMELA YIP
Personal Finance Writer

Defined-benefit plans may be dying at large corporations, but they're thriving with small businesses.

The main reason: Entrepreneurial baby boomers realize they're behind in saving for retirement, and traditional pension plans can help them catch up faster.

"I put more away in the first year of my defined-benefit plan than I had by hitting the maximums in my 401(k) in the previous 10 years," says Bob Adkins, who with his wife, Shannon, owns Paul Welch Associates, a management consulting firm in Plano.

Individual defined-benefit plans don't run up against the contribution limits of other re-

tirement plans.

"The biggest thing is that you can put away substantially more in a defined-benefit plan," says Morey Glazer, chief executive of Glazer Financial Network in Dallas.

This year, the contribution limit for a profit-sharing plan or 401(k) plan for a business owner 50 years old and older is \$46,000. Next year, it rises to

\$49,000.

"Defined-benefit contributions can sometimes be two to four times that amount, depending on age," Mr. Glazer says.

"A defined-benefit plan is like a 401(k) on steroids, with a specific retirement benefit," he says.

E-mail pyip@dallasnews.com