Boom time

When the "leading edge" of the largest generation of American workers ever was just hitting its early 30s in the early 1980s, Congress changed the Internal Revenue Code to create 401(k) plans. The Baby Boom cohort embraced 401(k)s with a vengeance, and by 2003, more than 400,000 companies offered them. The plans changed savings for millions of people, and the fund investment component of them that accelerated earnings opportunity over the long term investment pretty much brought about the inevitable intersection of Wall Street and Main Street.

Now, there are about 75 million homeowners in the United States today, and the latest government estimates are that about 24 million of them are free and clear of any mortgage.

Of the remaining 51 million homeowners with loans, more than four out of five of those homeowners have fixed-rate mortgages, and on-average, they owe just over half the amount of the loan. Two to three out of a hundred loans is where most of the red flags are, and it's that number that has, and will continue to, bedevilled the economy. In absolute numbers, they don't add up to a hugely significant number, but the grief associated with them has spread up the food chain to the extent that whereas the long term chronic worry should have been about inflationary pressures, the attention has had to focus on trying to kick start growth.

What factors into all of this is that Wall Street and Main Street meet to form a bigger, more busy intersection than ever before. For five years or more, it's been practically impossible to even buy a house without thinking of it as an investor would, even if the intention all along was to live there. This is what fueled price appreciation, along with the fact that the nation's leaders raised home ownership higher among national priorities as a driver of continued economic well-being.

There to benefit--whether it was in the mutual fund investments of 401(k) plans or in real estate--have been the 77 million of Baby Boom generation adults who rode the faster-cresting economic wave of the past 15 years toward a more serene anticipation of post-career years. Now, that some of that cushion of wealth--at least on the real estate side of things--has eroded, it will take a Plan B for many Boomers to resume their role as market makers for all times. Indirectly, however, Boomers' loss in home values may wind up being their children's gain, since it's Gen Y that will get to reap most of the reward of the home price resets now under way.

Maybe that's a Baby Boom strategy. Who knows?