

T. Dennis Connally Consultant, P.C.
Certified Public Accountant

MAY 2004

Department of Labor's FairPay Overtime Initiative

Under the new FairPay rules, workers earning less than \$23,660 per year - or \$455 per week - are guaranteed overtime protection. This will strengthen overtime rights for 6.7 million American workers, including 1.3 million low-wage workers who were denied overtime under the old rules.

U.S. Secretary of Labor Elaine L. Chao today named a new enforcement task force within the Wage and Hour division of the Department of Labor to maximize protection of workers' pay rights under new Overtime Security rules announced last week. The announcement followed a meeting Secretary Chao held with Department of Labor Wage and Hour regional managers and district directors.

"This Administration is setting new enforcement records in helping workers recover back pay and overtime pay," said Secretary of Labor Elaine L. Chao. "Both the new Overtime Security rule and this taskforce reinforce our proven commitment to protecting workers' rights. The other reason for creating this enforcement task force is our concern that the massive misinformation campaign against the new Overtime Security rules could undermine efforts to make employers live up to their new obligations under the rule and jeopardize workers' overtime pay protections," said Chao.

The new rules expand the number of workers eligible for overtime by nearly tripling the salary threshold. Under the 50-year-old regulations, only workers earning less than \$8,060 annually were guaranteed overtime. Under the new rules, workers earning \$23,660 or less are guaranteed overtime. This strengthens overtime protection for 6.7 million low-wage salaried workers, including 1.3 million salaried white collar workers who were not entitled to overtime pay under the existing regulations. These workers will gain up to \$375 million in additional earnings every year.

"With the new rules in place, workers will clearly know their rights and employers their responsibilities and our Wage and Hour enforcement teams now have strong new standards in place to better protect workers' pay," said Chao.

The Department's new FairPay rule will take effect in 120 days. It was published in the *Federal Register* on Friday, April 23, 2004 and a text version is available online at www.dol.gov/fairpay. For further information about the Fair Labor Standards Act, visit the Department's Wage and Hour Division web page at www.dol.gov.

Now that tax season is over it is time to look at the new
2004 Annual Limits for the following:

Traditional and Roth IRAs

Traditional and Roth IRA Contribution Limit	\$3,000
Traditional and Roth IRA Catch-Up Contribution	\$500
IRA Deduction Phaseout for Active Participants	
Single	\$45,000-
\$55,000	
Married filing jointly	\$65,000-
\$75,000	
IRA Deduction Phaseouts for Spousal Contributions	
Married filing jointly	\$150,000-
\$160,000	
Roth IRA Contribution Phaseout	
Single	\$95,000-
\$110,000	
Married filing jointly	\$150,000-
\$160,000	
Married filing separately	\$0-\$10,000
Roth IRA Conversion Phaseout	
Single	\$100,000
Married filing jointly	\$100,000
Married filing separately	ineligible

Employer Retirement Plans

Elective deferrals for 401(k), 403(b), 457 and SAR-SEPs	\$13,000
401(k), 403(b), 457 and SAR-SEP Catch-Up Contribution	\$3,000
Defined Contribution Plan Limit	\$41,000
SEP IRA Contribution	\$41,000
Maximum Annual Defined Benefit Limit	\$165,000
SIMPLE IRA and SIMPLE 401(k) Contribution	\$9,000
SIMPLE IRA and SIMPLE 401(k) Catch-Up Contribution	\$1,500
Maximum Includable Compensation	\$205,000
Highly Compensated Employee	\$90,000
Key Employee	\$3,698.86
SEP Minimum Earnings Limit	\$450

Federal Income Taxes

Personal exemption	\$3,100
Phaseout of personal exemption	
Single	\$142,700
Married filing jointly	\$214,050
Head of Household	\$178,350
Married filing separately	\$107,025
Standard Deduction	
Single	\$4,850

Married filing jointly	\$9,700
Head of Household	\$7,150
Married filing separately	\$4,850
Elderly or blind additional deduction	
Single	\$1,200
Married	\$950
Kiddie tax standard deduction	\$800
Deduction for self-employed health insurance premiums	100%

If you have any questions regarding this information please call
the office at 770-920-2890.