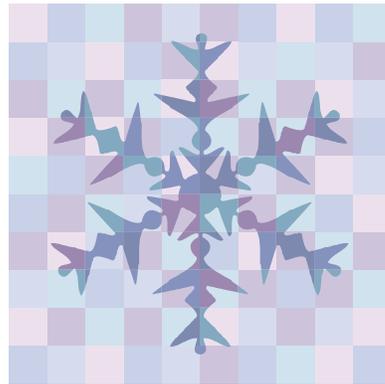




# HUMAN RESOURCES UPDATE

DEC 2004

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*Season's Greetings*

*From*

*The Hopkins Group*

## DID YOU HEAR THE ONE ABOUT ...

Life in human resources does have its moments. We're wrapping up the year for you with some entertaining stories (all factual). Please make certain your employees aren't this creative ...

In the category of please don't do this, a Tennessee snow cone shop owner allegedly spanked his employees when he had disciplinary problems with them.

He was arrested in November 2004, for sexual assault, since the two employees are 19 year-old females. The owner required the employees to sign a statement upon hire stating, "I give Gene permission to bust my behind any way he sees fit."

And yes, Virginia, West Virginia and New Mexico are not other countries. While on a vacation trip to New Mexico, a woman became ill. She went to a local clinic, was treated, presented her healthcare policy card, paid her deductible, then went on her way. After returning home and to work, she received a call from her benefits coordinator stating that her claim for medical care had been denied. When asked why, she was told that her policy did not cover care provided in a foreign country. The woman informed the benefits coordinator that New Mexico is a state within the United States - located between Texas and Arizona. The benefits coordinator responded,

"Well, there are 50 states; one can hardly be expected to know them all!"

Child labor laws are very clear about age, number of hours, and the types of jobs in which minors may participate. The DOL recently fined Pepsi-Cola Bottling Company of Atmore, Inc. for employing 15 and 16-year olds as drivers and fork lift operators and for working more hours in a day during school that is allowed. We are not aware if the drivers even had valid Alabama drivers' licenses.

Blair v. Defender Services, Inc. illustrates the importance of conducting background checks. Blair filed suit against Defender for negligent hiring of a janitor for Virginia Tech. She had been attacked and injured in a classroom building. Harris had been employed by Defender several times, but Defender had never conducted a background check on him; Defender's contract with the University even required this. Harris had been subject to a protective order resulting from a criminal complaint filed by a woman that Harris had physically assaulted. Virginia Tech's director of housekeeping testified that he would not have allowed Harris to perform janitorial services in the classroom building had he known of Harris' violent propensities.

Remember to have policies with teeth, follow those policies, and train your employees.

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**NOW'S THE TIME TO UPDATE YOUR POLICIES AND PROCEDURES, PARTICULARLY ONES RELATING TO NEW SICK, VACATION, OR PAID TIME OFF PLANS.**

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**HUMAN RESOURCES  
BUSINESS SOLUTIONS**

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## YEAR-END TIPS

1. Have employees verify their address on their pay stub for W2 purposes.
2. Be sure to get eyes examines, teeth cleaned, etc. to use all the funds in your healthcare spending account.
3. Following your company's record retention policy, clean out emails, vmails, and files.
4. Review publications received over the year (journals, magazines, professional publications) and discard or re-cycle those not worth keeping.
5. Take a few minutes to plan for next year's HR needs. Have you audited and revised your job descriptions based on new FLSA? Have you conducted an employee satisfaction survey in the last 3 years? Do you need to do some staffing planning based on next year's forecasts?

## 2005 LIMITS

Below is a table of limits for benefit plans and payroll deductions for 2005.

<b>2005 LIMITS APPLICABLE TO EMPLOYEE BENEFIT PLANS</b>	
401(k) elective deferrals	\$14,000
403(b) salary reduction	\$14,000
Deferrals to #457 nonqualified deferred compensation plans	\$14,000
Catch-up contributions to 401(k), 403(b), SEPs and 457 plans	\$4,000
Elective contributions to SIMPLE plans	\$10,000
Catch-up contributions for SIMPLE plans	\$2,000
Annual limitation on compensation	\$210,000
Grandfathered limitation on compensation for Governmental plans	\$315,000
Limitation on benefits under a defined benefit plan	\$170,000
Limitation on contributions to a defined contribution plan	\$42,000
Highly compensated employee limits	\$95,000
Compensation limit for SEPs	\$450
IRS standard mileage rate	\$0.405
<b>MEDICARE INFORMATION</b>	
Part A deductible	\$912
Part B deductible	\$110
Part B monthly premium	\$78.20
<b>SOCIAL SECURITY INFORMATION</b>	
OASDI wage base	\$90,000
HI (Medicare) wage base	No limit
OASDI tax rate	6.2%
HI (Medicare) tax rate	1.45%
Cost-of-Living adjustment for benefit payments	2.7%
Maximum annual benefit for person age 65 assuming no earnings during year of 65	\$23,268
Retirement earnings test exempt amounts:	
Lower Amount - Annual	\$12,000
Lower Amount - Monthly	\$1,000
Higher Amount - Annual	\$31,800
Higher Amount - Monthly	\$2,650