

Becoming a Household Employer

Once you hire a nanny either on your own or through an agency, you become the nanny's employer. In addition to providing the nanny's salary, a number of additional expenses are associated with in-home care. Here's a look at what's involved.

Social Security taxes and other employer-related tax obligations

Consult your local IRS office or visit the IRS web site (<http://www.irs.gov>) for the most up-to-date and comprehensive information for your area.

Workers' Compensation insurance

Your state of residence determines whether or not you are required to pay for Workers' Compensation insurance. Talk to your insurance carrier.

Automobile insurance

Check with your auto insurance representative to determine if your coverage should include the nanny.

Unemployment tax

Requirements vary by state. Consult your local unemployment office.

Health insurance

Some families offer their nannies health insurance. Its importance as a component of compensation may depend on how tight the nanny market is in your area.

Room and board

Consider the value of room and board when you determine a live-in nanny's salary.