

MORNINGSIDE NANNIES OWNER, PAT CASCIO, QUOTED - WALL STREET JOURNAL ON-LINE ARTICLE. HERE ARE A FEW EXCERPTS FROM THE ARTICLE:

How to Find the Right Nanny

The Tough Job of Hiring a Good Caregiver

Reported by **Terri Cullen**

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"Hiring an in-home employee can be one of the most-difficult and worrisome financial decisions parents can make. Aside from figuring out how to manage payroll, state and local , insurance and paperwork, you're also dealing with having a stranger living in your home."

"Find nanny salary and perks in your region here. Some parents also offer additional benefits, such as transportation and health-care insurance. (That doesn't include taxes, insurance and other costs you may incur...)"

Patricia Cascio, president of the INA, says many people wind up feeling uncomfortable with a new adult in their home -- that's why the turnover rates for live-in nannies are extremely high. 'The likelihood of getting on each other's nerves is enormous,' she says. There also are far more live-out nannies (available) than live-ins, which makes it more difficult to find an experienced live-in nanny.

'Unless you're a couple with crazy work schedules, like a doctor's, I would recommend looking for a live-out person,' Ms. Cascio says.

"Once you've decided the live-in/live-out question, you need to figure out how many hours you expect your nanny to work. Is it a 40-hour work-week, or do you need more flexibility? Do you expect the nanny to handle such things as night feedings or weekend babysitting? What additional duties do you expect the nanny to perform? (Will she be cooking for the family, doing laundry, or running errands?) Is travel involved?"

"Have a list of questions prepared in advance that will give you some insight into the candidate's approach to childcare. Explain your needs and expectations, and share your own thoughts on how you expect your children to be treated. To ensure a good fit, it's important that the nanny feel as comfortable with you and your family as you do with the nanny."

"Once you've whittled your list of candidates down to two or three, it's time for the second set of interviews. Introduce your children to the candidates, and discuss specifics on what would be expected of the nanny during work hours"

"Next comes the background check. Placement agencies typically handle the background check for you..."

"If you're happy with the results and are ready to hire a nanny, set up a third interview to review your work agreement, make any changes that are mutually agreeable, and then make your offer. Afterward, sign your agreement and provide the nanny with a copy. (If you hired your nanny through a placement agency, **Ms. Cascio says you'll be charged a placement fee, typically 10% of the nanny's annual salary, or a flat fee..."**

"Now that your recruiting job is done, time to focus on your new positions as payroll manager and employee-benefits director. The law treats any household employer as a small business, so you're required to withhold taxes from your employee, including Social Security, Medicare and unemployment taxes -- collectively known as the infamous "nanny tax." For 2006, employers who pay a household worker \$1,500 or more generally are required to file and pay taxes, up from \$1,400 last year.

"Depending on where you live, you also may be required to contribute to a state unemployment insurance and disability fund, and a workforce-training fund, according to Tom Breedlove, partner at Breedlove and Associates, an Austin, Texas, company that handles paperwork-filing services for clients with household workers. (Breedlove's site has a calculator that can help you figure out how much you'll pay.) To pay these taxes, you'll need to file IRS Form SS-4 to get an employer identification number. In addition to withholding and paying taxes for your employee, you'll need to file IRS Schedule H and provide your nanny with a W-2 each year."

"...if the idea of all that paperwork is too much, companies such as Breedlove, GTM Household Employment in Clifton Park, N.Y., and HomeWork Solutions of Sterling, Va., will do the work for

you...."

"...there are plenty of good reasons to put your employee on the books: In addition to risking an audit, you may lose valuable child-care tax credits and the ability to pay for care with pre-tax dollars using a tax-advantaged dependent-care savings account."

"Finally, call your homeowners-insurance provider. Depending on your state, and your work arrangement, you may need to buy additional coverage to protect you in the event your nanny is injured in your home or sues you."