

The Most Important Hire You'll Ever Make **Melanie Lindner, 03.20.08, 3:25 PM ET**

There just aren't enough hours in the day. While computers, cell phones and a host of other gadgets have made us all more productive, plenty of striving young couples are busier than ever. So who's watching the kids?

There are now some 1.3 million Americans who identify themselves as childcare providers, in both facilities and in private homes. A recession might put a few nannies out of work as strapped couples tighten their purse strings, but that's still a big number--about four nannies for every 100 families with at least one child, according to the latest figures from the U.S. Census Bureau.

As with any important investment decision, nabbing a good nanny takes time, money and focus. Finding a good fit is critical--after all, look at what's riding on the decision.

In Pictures: How To Hire A Nanny

Once you've made the decision to take on a private childcare professional, your first step in finding the right one is to define the kind of help you need. Are you looking for a part-time or full-time employee? Do you want the person to live in your home? Will he or she be traveling with the family? Will there be any additional responsibilities outside of child care, such as laundry, cooking or errands?

Broadly speaking, any duties that pertain to children are fair game, says Susan Tokayer, president of Family Helpers, a Dobbs Ferry, N.Y.-based agency that connects families with childcare professionals. That includes light housework, like the children's laundry, meal preparation and tidying up bedrooms and playrooms.

Before you go the live-in route, think hard. "Turnover rates for live-in nannies are extremely high," says Patricia Cascio, president of the International Nanny Association. Many families find it difficult to adjust to having a non-family-member in the home.

Step two: Canvass the ranks. Word-of-mouth referrals are always nice, but they may not do the trick. Nanny agencies charge a \$2,000 to \$3,000 finder's fee, or roughly 10% of a nanny's salary, says INA board member Deborah Smith.

Have a smaller budget but a little extra time to conduct your own search? Place an advertisement. The downside: Running an ad will scare up all manner of takers, whereas agencies offer "prescreened, ready-to-go nannies," says Smith.

As for qualifications, hands-on childcare experience is probably more important than a degree in early childhood education, says Susan McCloskey, vice president of Nanny Poppinz, a placement agency with 23 franchise locations throughout the U.S. While formal education is certainly a plus, McCloskey advises parents to look for candidates with "experience, dependability, flexibility and passion for a career in childcare." At a minimum, you'll want your nanny to be certified in CPR and first aid (nearly three-quarters are, according to the International Nanny Association's 2006 Salary and Benefits Survey).

Third step: interviewing. Tokayer recommends that parents conduct three interviews with a candidate before offering a position. In the first (without children present), parents should ask about the candidate's experience, schedule flexibility and any health-related issues that could hinder performance.

The second meeting is often a "working interview" in which parents pay the nanny to watch the children for a few hours while they observe. "In a working interview, you're really looking for a personality match," says McCloskey. "If your children ask for that nanny again, that's a good sign [the person] made an effort to bond with your kids." The final meeting can cover a range of issues, from vacations to health benefits.

Vetting candidates also means running a background check to see if everything adds up. Agencies earn their fees, in part, by doing such prescreening. Aside from criminal-history searches, "we also run a search with the Department of Motor Vehicles and employment references before sending our nannies out to meet with families," says McCloskey.

Still, you can never be too careful when it comes to your kids. Helpful services such as Verifications Inc. and LexisNexis perform full background checks in two to three days for about \$70. While there are inexpensive online services that claim to do the job in 24 hours, INA's Smith suggests going with an outfit that promises to send a representative to the courts to peruse official government documents, which generally takes a few days.

Before inking the deal, gin up a written work agreement detailing everything from daily responsibilities to holidays. Establish salary and overtime compensation. The salary you set is dependent upon where you live, the number of children the person will be looking after and the responsibilities required, including housework, errands and overnight care.

Nannies polled in the INA's latest survey earn between \$300 and \$1,000 per week. Of those responsible for overnight care, 55% receive additional compensation ranging from \$25 to \$100 per night. Of nannies who travel with the family, 32% said their expenses were paid for, but they received no additional compensation; 36% said they received additional compensation ranging from \$50 to \$200 per day.

As for taxes, the law treats domestic employment like a small business, so it's important to be sure to file the appropriate documentation with the government and your employee. As the employer, you are required to pay half the Social Security and Medicare taxes (7.65% of the employee's wages), as well as federal and state unemployment insurance. Services like GTM Associates and Breedlove and Associates can handle everything from payroll to taxes for your nanny. One last step: Make sure your new nanny is covered under your homeowner's insurance policy in case of an accident in your home or on your property.

According to Tokayer, the most common mistake parents make when hiring a nanny is "not being specific enough about their expectations." If you want the nanny to take vacation at the same time you do, come clean; likewise, if errands play a role, establish the specific means of transportation ahead of time. "Those kinks should be worked out in advance," she says.