



*Help for Busy Families*

# Nanny Work Agreements What you need to know...

Prepared for  
NannyPalooza 2009

# Presentation Audience

- Information presented from the Nanny point of view.
- There will be ample time for Q & A *after* the presentation.

## Why the Work Agreement?

- Establishes a **professional** relationship.
- The family & nanny who negotiate a durable work agreement demonstrate their commitment to a long term relationship.
- Fewer problems, questions and misunderstandings in the future.
- It's a **BEST PRACTICE!**



# When to Negotiate?

## Before you start your new job!

- After you have been offered and accepted a conditional offer of employment.
- You usually have 3 – 5 days when the employer is checking references and doing a background check. Use this time to negotiate and write the Work Agreement.

## *Absolutely Cover the Basics*



- *Hours*
- *Duties*
- *Hourly pay rate*
- *Pay frequency*
- *Taxes to be deducted*
- *Overnight compensation*
- *House Rules*
- *Benefits*
- *Confidentiality*

- Days Worked
- Start Time – if the parents leave at 8 am, plan to be at their home and ready to work by 7:45 and put this as your start time.
- End Time

Example:

Monday, Tuesday, Thursday: 7:45 – 5 PM

Wednesday: 7:45 – 7:30 PM

Alternate Fridays: 7:45 – 5 PM



## Details count!

- Childcare is a given.
- Homework help?
- Prepping dinner?
- Transportation to/from school?
- Meeting the bus?
- Medical Appointments? Therapy? Gymboree?
- Housework? Spell it out!



# Hourly Pay Rate

## *First, some definitions...*



- **GROSS WAGE:** the amount you are paid before taxes are deducted.
- **NET WAGE:** the amount of your actual paycheck after taxes, if any, are deducted.
- **EMPLOYMENT TAXES:** Taxes your employer is legally obligated to pay (Social Security, Medicare, Unemployment)
- **INCOME TAXES:** Taxes YOU are legally obligated to pay.

# Hourly Pay Rate

- Nannies are NON-EXEMPT employees according to the Fair Labor Standards Act. What does this mean?
  - You must be paid on an hourly rate basis. SALARY is reserved for professional staff.
  - If you live out you are entitled to one and one-half your hourly rate for hours worked in excess of 40 in a week.
  - Maryland applies the overtime differential to LIVE IN domestics.
- Best Practice: Establish your HOURLY RATE in your work agreement. Tools, such as [4nannytaxes.com](http://4nannytaxes.com)'s Hourly Rate Calculator, exist to facilitate this.
- Best Practice: Agree to a weekly minimum pay rate in your work agreement – guarantees you are paid for all days scheduled even if the family cancels on you.

# Hourly Pay Rate

## Hourly Pay Rate Calculator Results



### Your inputs:

Work State: DC

Salary: \$750.00

Pay Frequency: Weekly

WEEKLY hours worked: 45

Residential Status: Live Out Employee

### Results:

The hourly wage being offered is **\$15.79**. The overtime wage is **\$23.68**

### Suggested Contract Language

Employee Weekly compensation of **\$750.00** gross, based on an gross hourly wage of **\$15.79** and a 45 hour work week. Employee guaranteed minimum Weekly compensation of **\$750.00** gross. Weekly hours worked in excess of 40 per week to be compensated at **\$23.68** gross per hour.

# Hourly Pay Rate: Alternate Work Weeks

**Nannies whose employers work for the Federal Government may be asked to work alternate work weeks.**



- 9/8/80 the most common.
- Typically paid Bi-Weekly (Alternating Weeks)
- Define work week in your work agreement as mid-day Friday to mid-day Friday to avoid any overtime issues or disputes.

# Hourly Pay Rate: Alternate Work Weeks

## Define 9/8/80



- An employee works **eight 9-hour** days and **one 8-hour** day in a two-week period with one day off every other week that corresponds with the 8-hour day.
- The work week must be adjusted to ensure that nanny does not work over 40 hours in any consecutive seven day period. **In this instance their work weeks would be adjusted to start four hours into their work shifts on their 8 hour days (this puts 4 hours into each work week).**
- Example: An employee on a 9/8/80 schedule working from 7:00 a.m. to 4:00 p.m. Monday through Thursday, and from 8:00 a.m. to 4:00 p.m. on their 8-hour Friday with every other Friday as their regular scheduled day off (RDO). The work week would start mid-day on Friday and end at mid-day on the following Friday.

## Establish your Pay Day!



- Weekly – paid on \_\_\_\_\_.
- Bi-Weekly – paid on \_\_\_\_\_.  
Bi-Weekly is every alternate week.
- Semi-Monthly\* – paid on 15<sup>th</sup> & 30<sup>th</sup>
- Monthly\* – paid on \_\_\_\_\_.

\* Depending on State Regulations, this pay frequency may be disallowed.

# Taxes to be Deducted

- **WAIT! Make sure you are on the same page and agree that this work is on the books!**



- **Why?**
  - Unemployment insurance – it is harder to collect (you eventually will) if your employer has not reported your wages and paid the unemployment tax.
  - Verifiable income – have you tried to rent an apartment, get a car loan, or open a credit card without verifiable employment? Now more than ever this is not done.
  - Worker’s Compensation Coverage – if you are injured while working, without this insurance you will have to sue for coverage for lost wages and medical bills.
  - Social Security & Medicare Benefits
  - Earned Income Tax Credit & Stimulus Payments - \$\$\$\$\$
  - It’s the law – why expect to be treated as a professional when you both agree to commit tax fraud together?

# Taxes to be Deducted

- **Employer** is legally entitled to deduct 7.65% from your GROSS WAGE for Social Security and Medicare.
- **Employer** may agree in the work agreement to pay these taxes for you (not deduct them).
- **YOU** may ask the employer to deduct your Federal and State income taxes. **IF** the employer agrees, use a tax calculator to determine amounts.
- You will want to be very sure your employer provides you with a **pro-forma payroll calculation** if a payroll service is not being used.

# Overnight Stays

Some families require either infrequent or frequent overnight stays by their nanny. Compensation should be defined in the work agreement.

## Some norms:

- Overnight compensation generally assumes 8 hours sleeping. If you have 3 month old premature triplets – you might have to adjust this!
- Contiguous nights (you work the day before/after) standard is 1.5 times your day rate.
- Weekends are typically more generously compensated, as the day portion of the work is usually at time and one half also.

***All rates are negotiable so they are mutually agreeable!***

# House Rules

- **Especially if you live in...**
- **FOOD:** Help yourself? Bring your own? Limitations? Dietary rules (Kosher, Halāl, peanut allergy, etc.)
- **SHOES:** (really!)
- **VISITORS:** Allowed? Must meet your employers first? Not allowed.
- **TELEPHONE/COMPUTER USE**
- **COMMUNICATION:** Who is first? Nanny log?
- **PETTY CASH:** Most important with toddlers and older.



# House Rules

- SECURITY SYSTEMS/LOCKS: Always activated, only when away from the home?
- ACTIVITIES OUTSIDE THE HOME: Walk to the park? Metro? Driving? Car Seats? Mileage reimbursement?
- EMERGENCIES: Make sure you have a Consent for Medical Treatment and all insurance ID info, pediatrician name, number, etc.
- SMOKING/ALCOHOL
- BAD WEATHER POLICIES



- MOST are negotiable, unless established by state law.
- Paid Time Off: Define carefully
- Paid Holidays: Define which ones you get – most nannies (and other employees) don't get ALL.
- Health Insurance: Typically a contribution to your premium if offered.
- Mileage reimbursement: IRS sets the standard rates.

## If you use your family's auto (recommended)

- Petty cash or gas card for gas
- Who is responsible for obtaining maintenance?
- Advise employer immediately of any issues.
- Courtesy – don't leave fast food wrappers, etc. in the vehicle.



## If you use your personal auto (not recommended)

- Make sure mileage reimbursement, not gas allowance, is used.
- Get it in writing in the contract.
- Have a frank discussion with your insurance agent about liability coverage and follow their advice. Consider requesting that your employer pay for the additional coverages.
- Car seats? Whose? Who installs?

# Emergency Procedures

## Important Consideration for all Nannies

- Which parent do you contact first? How? Order of contact?
- If you cannot contact parents, who is an alternate?
- Make sure you have an Authorization to Seek Medical Care.
- Make sure you have a copy of the child's insurance information.
- Make sure you have names/numbers of pediatrician, other medical support professionals.
- Make sure you have a hospital preference.
- In case of an evacuation, make sure you arrange a meeting place.

Remember, when cell towers are overloaded, text messaging usually works.

## Sample Contract Language:

During the course of your employment, you may legitimately see, hear or otherwise become privy to information about our family. It is understood and agreed that all information relating to the parents or children, including but not limited to financial, health, household or career, is confidential information which may not be disclosed to anyone without the written consent of the undersigned parents. It is also understood that a failure to abide by this agreement may, at the parents' discretion, result in immediate termination. The obligations of the employee under this clause survive the termination of this agreement.

Carefully consider the following:

1. Social Media postings (Facebook, MySpace, etc.)
2. Publishing photos online
3. Bulletin board postings

Never post anything you might have to explain to your boss. Only post photos of your charges with the parents' explicit permission.

# Termination Clause

- This needs to protect BOTH parties and establish the ground rules.
- Understand “at will” employment – the family may fire you for any reason, or no reason at all.
- Notice (same amount both parties) or pay in lieu of notice equivalent to the notice period.
- Termination for cause (you violated the agreement) voids the notice/pay in lieu of notice provisions generally.

# Employer Property



- Nannies legitimately have Employer property, including home and automobile keys, perhaps car seats, garage door openers, etc.
- Employer *may* withhold your last pay check pending return of the property IF this clause is in your agreement.

# Performance Appraisals & Salary Review



- The two are not always linked.
- Initial performance appraisal should be within 90 days of start of employment. Catch issues right away.
- Annual performance appraisals? Semi-annual?
- Salary Review? When?
- New Baby?
- Staff meetings? *I am only partly kidding...*

Note that in bad economic times raises are not automatic! Many area employers experienced salary cuts this year. Stay open minded and keep communication open.

# Montgomery County MD

Requires that a written work agreement, with very specific provisions and notices, be offered to the domestic employee.

Employee may ACCEPT the agreement as presented

OR

NEGOTIATE different terms in the agreement

OR

Sign a WAIVER that states an agreement was offered by the employer and declined by the domestic.



# Final Thoughts: Negotiation

Stu's Views © 2003 Stu All Rights Reserved www.STUS.com



Copyright 2006 by Randy Glasbergen.  
www.glasbergen.com



**"We believe in paying our employees as much as they need.  
Since you'll be at your desk 90 hours a week,  
you won't need much."**

# Final Thoughts: Negotiation

- Employment negotiations are unique because both sides share that **same basic goal – having you take the job.**
- All interviewing is a two way street, and it is fine to ask difficult questions.
- Don't take it personal! This is when irrationality enters the negotiation.
- REMEMBER: If the negotiation works out you will have to WORK with this person going forward – don't burn bridges.
- “We have always done it this way” – don't fall for it. Most common – paying off the books.
- In general, the first person to name a number for salary loses. Ask the family what the wage is, then **listen.**

# Final Thoughts: Negotiation

- Consider the family's point of view.
- Have some options prepared in advance – discuss them.
- Counter if you need to – or bargain for more benefits. Caution – not too aggressive or you overplay your hand. **Don't Argue!**
- Don't be too eager, no matter how long you have looked for work or how cute the kids are. Take a cooling off 24 hours to decide.
- WIN-WIN is the outcome of the best negotiations. We all don't get 100%.

**RED FLAG:** If the family is unwilling/unable to negotiate AND the offer does not meet your basic needs, you have to be prepared to move on. You will never be happy in that position.

# Final Thoughts: Negotiation



<http://www.acetheinterview.com/interview/salarynego.php>

**Behavioral Interviewing: Practice the tough questions.**