



What Does a Nanny Cost?

When determining the cost of hiring and employing a nanny, it's important to look at all the related expenses, not just salary. The chart below outlines these expenses and provides room to calculate how much each expense will cost. Following the chart, there is a brief description of the expenses listed. NOTE: Not all expenses will apply to your situation.

	weekly	monthly	yearly
Recruitment / Placement Costs			
agency registration fees			
agency placement fees			
online database membership fees			
print advertising			
background checks			
interviewing costs			
contract / work agreement			
Salary and Related Expenses			
salary or average weekly earnings			
estimated overtime			
raises			
bonuses			
back-up caregiver for nanny's vacation			
back-up caregiver for sick days, personal days, professional days			
tax savings from dependent care account			
Employer Taxes & Related Services			
Social Security			
state unemployment			
federal unemployment			
worker's compensation			
payroll / tax preparation			

Benefits			
health insurance			
nanny cell phone			
professional development allowance			
other			
other			
Employer Provided Nanny Car			
car payment or lease			
car insurance			
gas			
regular maintenance			
estimated repairs			
Nanny Provided Work Car			
professional insurance rider			
gas			
mileage allowance			
Household Account			
project supplies			
outing expenses			
food during work hours			
Live-In Only			
relocation costs			
additional utilities			
food during personal hours			
cable / satellite TV in nanny's room			
internet access in nanny's room			
phone line in nanny's room			
TOTAL			

Recruitment / Placement Costs

Agency Registration Fees Full service placement agencies charge an application fee to register with their service. These fees generally range from \$75 to \$375, depending upon the agency.

Agency Placement Fees Placement agencies charge a fee for placement of a nanny with your family. These fees generally range from \$1,000 to \$3,500, depending upon the agency. Check out the AllAboutNannyCare.com Agency Directory for more information on agencies in your area.

Online Database Membership Fees There are several databases on the internet that allow parents to post their jobs and view the profiles of available nanny candidates. A database membership generally ranges from \$40 to \$250. Check out the AllAboutNannyCare.com Online Job Site Directory for more information on these sites.

Print Advertising Ads in local papers generally range from \$25 to \$350 each week, depending upon the paper.

Background Checks The cost of background checks varies depending upon the investigative firm you use and the checks necessary to adequately screen the nanny you're interested in. Check out the AllAboutNannyCare.com Background Screening Directory for more information on screening companies.

Interviewing Costs The family is responsible for the costs associated with interviewing a nanny, the most significant being the cost for prospective nannies to travel to and from your home.

Contract / Work Agreement It is essential that you develop a comprehensive nanny / family work agreement when hiring a new nanny. Of course we strongly recommend our A to Z Nanny Contract, guaranteed the best in the business or your money back!

Salary and Related Expenses

Salary or Average Weekly Earnings Unfortunately, there are no cut and dry rules for determining salary or hourly rate. The most important factor is location. If you compare two identical positions, one in Short Hills, NJ and the other in St. Louis, MO, you'll find each employer can offer very different compensation packages and attract the same level of quality caregiver. The only exception to this rule is the salary for executive positions. These positions offer a high-end salary and benefit package regardless of location.

Although there is no "typical" base salary, there are factors that effect salary in typical ways. When developing your salary range, start by determining what requirements are important to you and what requirements you can be flexible on. The more factors you require (e.g. education, experience), the higher salary you can expect to pay.

Location Unfortunately, unless you're able to move, this factor is out of your control. If you live in an area where nanny salaries are above average, you will most likely have to pay within that range to attract and keep a quality caregiver. *Generally*, area's can be ranked as they are below. But please remember these are only guidelines, not hard and fast rules.

Level 1 (highest)	NYC
Level 2	bedroom communities that serve NYC plus large cities on East and West Coast such as Boston, Seattle, Los Angeles, San Francisco and San Diego
Level 3	other cities on the East Coast such as Philadelphia and Washington D.C
Level 4	smaller cities <i>not</i> on the East or West Coast such as Chicago and Dallas
Level 5 (lowest)	smaller cities and towns

Nanny's Experience This factor weighs heavily in determining salary. The more experienced a nanny is, the higher salary she can command. However, don't assume that experience equals quality care. It doesn't. Regardless of how long a candidate has been a nanny, she should be interviewed and referenced thoroughly.

Nanny's References References count a lot in this profession. All nannies should have great references. However, a nanny with a portfolio full of stellar references can command an above average salary.

Nanny's Education While a degree pushes a salary higher, it does so only slightly if the nanny doesn't have hands-on in-home care experience. However, a child-related degree combined with nanny experience automatically puts a nanny in a higher salary range.

Nanny's Age Nannies between the ages of 25 and 45 are generally the most sought after so they tend to be in a higher salary range.

Stay-at-Home Parent If you're hiring an entry-level nanny, being a stay-at-home parent doesn't factor into salary. However, if you're hiring an experienced nanny being a stay-at-home parent generally raises the salary. How much depends on the individual nanny.

Responsibilities If you limit your nanny's responsibilities to the typical child-related duties (e.g. children's laundry, meals, transportation), responsibilities don't impact salary. However, if you add family or household-related duties (e.g family meals, family laundry), your nanny's salary will go up accordingly.

Living Space For most live-in nannies, living space factors into the salary they require for a particular position. With all other things being equal, smaller, less private space will increase the required salary while larger, more private space can actually decrease the required salary.

Unlike other childcare options, the number of children you have doesn't impact the salary you'll need to pay for a great caregiver unless the number of children or ages of children are particularly demanding (e.g. 4 children under 5, 3 month old triplets).

To get a better idea of what your area's average salary range is, call a few local placement agencies that place the type of nanny you're looking for. If you're looking for a high end nanny, expect to pay more than the agencies' top quote. Agencies tend to low ball real world salaries for top caregivers.

Estimated Overtime If you require regular overtime that is not included in your nanny's base salary, you should list it as an additional expense.

Raises Many families provide their nanny with a raise at the 3 month or 6 month mark.

Bonuses The usual first year end-of-year bonus for a nanny is 1 to 2 weeks salary.

Back-Up Caregiver for Nanny's Vacation Most nannies receive 2 weeks paid vacation. If you're not on vacation during the same time or have relatives that can pitch in, you'll need to pay for back-up childcare.

Back-Up Caregiver for Sick, Personal, and Professional Days Most nannies receive paid or unpaid days off. Again, if you're not able to care for your child on these days, you'll need to pay for back-up childcare.

Tax Saving from Dependant Care Account If your company offers a this benefit, don't forget to deduct the tax dollars you'll save from your wage expense. These accounts allow you to contribute tax free dollars into an account that is used exclusively to pay for childcare.

Employer Taxes & Related Services

Social Security Employers are required to pay one half of the required Social Security / Medicare taxes or 7.65% of their nanny's gross wages.

Federal and State Unemployment Employers are required to pay federal and state unemployment insurance, 2 to 4% of gross salary in most cases.

Worker's Compensation Many states require household employers to carry a worker's compensation and/or disability policy. The cost varies from state to state. Even if your state doesn't require it, for your own protect you should expand your homeowner's policy to cover a nanny working full-time in your home.

Payroll / Tax Preparation Many parents choose to hire a service to handle payroll preparation and quarterly and yearly taxes. These services can vary greatly in their set-up and monthly fees. Check out the *AllAboutNannyCare.com Tax Service Directory* for a list of nanny tax companies.

Benefits

Health Insurance Many nannies require fully or partially paid health insurance. The cost of health insurance depends upon your state and the age and health of your nanny.

Nanny Cell Phone Most parents provide their nanny a cell phone to use for child and household calls. A family plan is a great way to provide this benefit at a reasonable cost.

Professional Development Allowance Many families provide their nanny with an allowance to take child-related classes, attend professional conferences, etc.

Employer Provided Nanny Car

Employers that provide their nanny with a car for work and/or personal use are responsible for the car or lease payment, insurance, gas used during work hours, maintenance and repairs.

Nanny Provided Work Car

Employers that ask their nanny to use her car for work related purposes are generally responsible for paying for any additional insurance needed and gas used during work hours or a set mileage rate that covers all insurance, gas, maintenance and repairs. Most nannies use the IRS mileage rate for business use of a car.

Household Account

Project Supplies Employers are responsible for supplying the nanny with needed art and project supplies.

Outing Expenses Employers are responsible for the cost of the activities their child and nanny participate in (e.g. zoo, museums, classes, lunch out).

Food During Work Hours Employers are responsible for providing their nanny with meals during work hours.

Live-In Only

There are some expenses that are exclusive to employing a live-in nanny such as relocation expenses, increased household utilities and additional utilities required in the nanny's quarters (e.g. phone, cable).

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Was this information helpful? Your feedback is important to us! Please email Lora@AllAboutNannyCare.com and tell us what you liked or didn't like about this or any of our publications.