1. Remember WHY you are doing this

Your nanny is your employee. She will have sole charge of your children in an unsupervised setting. Your family will depend on the nanny for her professional services, and the nanny contract or work agreement sets the professional tone of the relationship right from the beginning and truly will avert future problems and misunderstandings.

2. Cover all the basics

What are the basics? Absolutely cover all hours and duties. Compensation for the base hours should be stated in hourly wage terms, with a specified weekly guarantee (this will become the rate for vacation time, sick time, etc.). Use the Hourly Pay Rate Calculator to translate a weekly salary into the appropriate hourly and overtime rates. Cover all benefits including paid holidays, employer contribution to medical insurance if offered, and sick/holiday/paid time off.

3. Details Count!

You and your nanny will refer to this document whenever issues arise in the relationship. The time you take to spell out the details will generally avert misunderstanding due to different assumptions. Consider “child’s bedding will be changed and laundered weekly” instead of “laundering of child’s bedding.” What about additional hours - either planned or unexpected? Nanny tardiness? You agreement should address this with both overtime compensation and payroll consequences for tardiness. Detail expense reimbursement, including any family parameters for discretionary spending by the nanny.

4. State payroll frequency and tax treatment

How frequently will the nanny be paid? What day of the week is payday? What taxes are you deducting? Are you deducting the nanny’s income taxes or is she responsible for paying those directly? All of these items should be spelled out up front. Nanny should be provided a statement of deductions on her first regular payroll, and every time there is a payroll change thereafter.

5. State the house rules

These may include visitors, smoking, alcohol use, dietary restrictions, and security (locking the door, setting the alarm). This will be more detailed for the live-in nanny. May the nanny have guests during working hours? After hours if she is a live-in? Do you need to meet and pre-approve the guests? Remember, this is your private home and your children. What about play dates? If the play date is at another’s home, does the nanny need to stay? What about trips to the local park, pool, library, or mall?

6. Policy for sick, personal, and vacation pay

When nanny is sick, how much notice do you want on the call out? Two hours before shift start is a reasonable minimum. How much notice do you require for the scheduling of vacation and personal time? Are there vacation ‘black out dates’ when your family cannot accommodate a vacation? For example, if you are a CPA working in a tax practice, you many disallow nanny vacations in March and April.
7. Define emergency procedures

Which parent is the primary contact when the nanny is on duty? Do you have a family emergency plan? Make sure the nanny has an emergency contacts list that is kept up to date with all work and cell phone numbers, beeper numbers, the contact information for the children's doctor and dentist, insurance information, and hospital preference. Nanny should also have written consent to authorize children's medical care, and should be approved to pick children up from school.

8. Define automobile use policies

Will the nanny be driving your personal vehicle? Will she use it for transporting your children (to/from activities, pre-school, appointments, school, etc.)? For her personal use? Are there restrictions? When nanny uses the family's automobile, be sure the insurance company has her listed as an additional named driver. Alternately, the nanny may be using her personal vehicle to transport your children. A statement about the mileage reimbursement rate should be included, as well as the reimbursement frequency (monthly is the norm). Most nannies expect the mileage reimbursement rate to be pegged to the IRS published rate. If tolls or parking charges are an issue, make sure you include these details. What about the insurance deductible? A rule of thumb is if an accident occurs when nanny is working, the family should pick up the deductible (whether family or nanny vehicle involved). Accidents on nanny's personal time or commute to/from work are the nanny's responsibility.

TIP! Car seat and seat belt use must be addressed.

9. Include a confidentiality agreement

The nanny's close relationship with your children and your family will make her privy to household information and details that you would prefer remain private. This can be information about a family member's health, finances, career or relationships. A confidentiality clause is a vital component of your work agreement. Consider your feelings on social media and the posting and/or tagging of your children's photos.

10. Performance reviews, salary change, and termination

The nanny is your employee. She is entitled to periodic performance appraisals to document her performance and professional goals. Regular salary reviews are important to keep your nanny happy and your turnover low. Termination is an inevitable part of any employment relationship. Define termination notice on both sides. Many families request 4 week notice from the nanny, and offer 4 week notice from the family OR pay in lieu of notice. Finding a replacement for your nanny may take time, and you will be glad you planned for this in advance.

Taking the time at the beginning of the employment relationship to define all aspects of the relationship will engage the nanny in a conversation about your specific requirements and expectations. Additionally, by addressing all 'issues' up front, you avoid misunderstandings, assumptions, disappointment and conflict in the future. Experts agree - a good nanny-family work agreement is an important foundation for the good relationship you hope to have with this person.