

# A Nanny's Guide to Fair and Legal Pay



## Why Being Paid Legally Matters

This guide aims to empower nannies with knowledge about their rights and the [benefits of being paid legally](#), emphasizing the importance of mutual respect and legal compliance in the nanny-employer relationship.

## Professional Growth and Security:

Being a nanny is not just a job—it's a profession that requires recognition and respect. Being paid on the books acknowledges your professional status, ensuring you receive all legal employment benefits. This transparency is crucial for unemployment benefits, which are a lifeline when transitioning between jobs. Remember, children grow and family needs change; being eligible for unemployment benefits can significantly ease these transitions.

## Being Paid For Your Hours:

Nannies and most other household employees are [hourly employees](#) under the [Fair Labor Standards Act](#) (FLSA). This means you need to be paid based on an hourly wage, including [overtime](#), when applicable for [all hours worked](#).

## ***Health Benefits and More:***

Under the Affordable Care Act, if your employer does not offer group plans, which most household employers do not, legally paid employees can obtain individual health insurance through online marketplaces. This access can be complemented by [tax-free employer contributions](#) as part of your compensation, making health care more affordable. Plus, legal pay ensures eligibility for tax credits, enhancing your financial well-being.

## ***Income Verification:***

Whether you're planning to rent an apartment, buy a house, or finance a car, you'll need proof of stable income. Legal payment provides essential documents like pay stubs and tax documents that prove your financial reliability.

## ***Protection Against Workplace Hazards:***

[Worker's compensation](#) can be essential if you get hurt on the job, and it's only available if you're paid legally. This insurance covers any work-related injuries without the need to engage in costly legal battles. This insurance is purchased by the employer, with 28 states having laws requiring it of household employers.

## ***Planning for the Future:***

Social Security and Medicare are critical for your retirement, and you're only eligible if these taxes are withheld from your legally reported earnings. You must report 40 quarters(10 years) in order to [qualify for benefits](#) in most cases.

# ***Understanding Your Payroll Taxes***

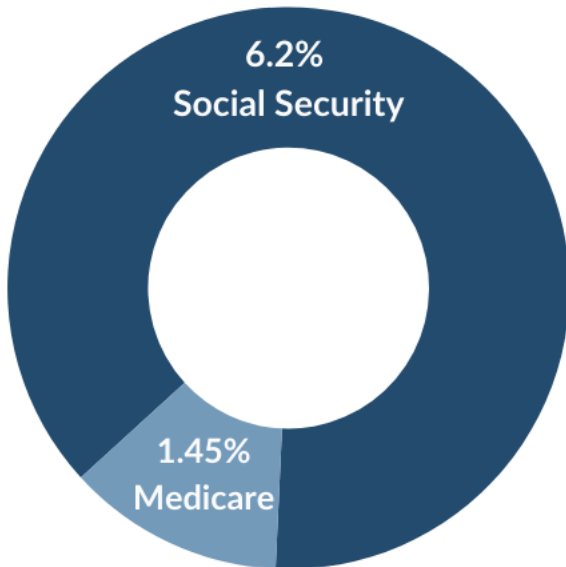
## ***How It Works:***

If you earn \$2,700 or more in 2024, you should receive a W-2 form from your employer that outlines your earnings and taxes withheld. This is crucial for accurate tax filings and ensures you're not held liable for unreported income.

# Deductions Explained:

## Payroll Taxes

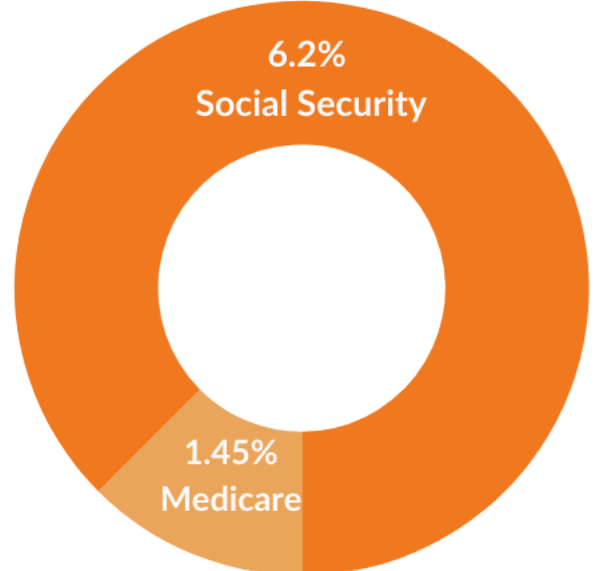
### Paid by Employer



**7.65% Total**

of gross wages

### Paid by Employee



**7.65% Total**

of gross wages



### Employer Also Pays

- Federal Unemployment
- State Unemployment
- Local Taxes Where Applicable

### Employee Also Pays

- Federal Income Tax
- State Income Tax
- Local Taxes Where Applicable

Taxes can be daunting, but they're less so when you understand what's [deducted from your paycheck](#). Expect deductions for Social Security, Medicare, and possibly federal and state income taxes, depending on your earnings and location. [Some locations](#) have additional taxes which can be withheld from your pay to cover contributions to paid family medical leave programs. These programs are yet another benefit of being paid on the books.

## ***Avoid Misclassification:***

Nannies are employees, [not independent contractors](#). This classification affects how taxes are processed and your rights under labor laws. Misclassification can lead to a lack of benefits, payment of more than your share of the taxes due, and potential legal issues for both you and your employer.

## ***Understanding Employer Responsibilities***



## ***Tax Forms and Legal Documents:***

On your first day, expect to fill out a [W-4 form](#) for tax withholding and an [I-9 form](#) to verify employment eligibility in the U.S. You may also need to fill out a state withholding form. These forms ensure that your employment starts on solid legal ground. They are also a good indication your employer intends to do things correctly by paying you legally.

## ***Unemployment Insurance:***

Although this sounds like a separate insurance policy, it is actually a mandatory tax paid by employers. Legal pay ensures your employer is contributing to unemployment insurance programs, so you can [access this benefit](#) should you need it.



# Benefits and Perks

## Tax-Free Fringe Benefits:

Household **SSV** employee

### NON-TAXABLE BENEFITS

Benefit Category	Amount
Health Reimbursement	QSEHRA \$6,150 ind. OR \$12,450 family (2024) ICHRA
Education	\$5,250 per year
Transit	\$315 per month
Parking	\$315 per month
Cell Phone	Reasonable reimbursement based on work related use
Mileage	67 cents per mile (2024)

Many [fringe benefits](#), like mileage reimbursement, [health care reimbursement](#), transit, parking, educational assistance, and other work-related expenses, can be offered without taxes being assessed to the employer or the employee. This means the family's compensation budget can go further in providing you with the benefits you want most.

# *Essential Documents and Year-End Requirements:*

Familiarize yourself with the documents you should receive from your employer, such as per pay period [paystubs](#) and an annual [W-2 form](#). These documents are not just paperwork; they are your proof of legal employment and income.

## *Final Thoughts*

At HomeWork Solutions, we understand that navigating household payroll and tax compliance can be overwhelming. That's why we're here to help you ensure everything is handled with care and precision. For personalized assistance and to make sure you're fully benefiting from your employment, don't hesitate to [reach out to us](#). We are happy to answer your questions, and get your employer the information they need to enroll in our services so you can be paid legally.

Being paid legally is not just a matter of compliance; it's a foundation for your professional and personal growth as a nanny. Let's ensure your job supports your life goals as much as it does your daily needs.

