

## Things to Consider When Hiring an In-Home Caregiver

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When we hire someone to come into our home to do work we often assume that we do not have to worry about what will happen to us or to them. It is one thing if it is a quick home repair but you may want to think twice if it is going to be a long standing relationship.

This is especially true if you hire someone to provide in-home care for a loved one. If you hire someone directly (like a friend, relative, neighbor or “free-lance caregiver”) you have become an employer whether you want to be or not. Being an employer at first glance doesn’t seem to be a big deal. The reality is there are potential legal and financial requirements you will be assuming by employing the caregiver directly.

As per federal, state and local laws, including agencies such as the IRS and others, you will likely need to set up accounts with the following agencies and establish an Employer Identification number in order to legally employ individuals directly.

- Internal Revenue Service
- Illinois Bureau of Workers’ Compensation
- Department of Labor
- Social Security Administration
- Local Municipality (if appropriate to your jurisdiction)
- Illinois Department of Public Health

You will be responsible for paying and reporting all withholding taxes including federal, state and local taxes, Medicare, Social Security, workers’ compensation, and unemployment insurance. You may also be required to file quarterly returns and employee W-2’s. In addition, we believe it would be in your best interest to obtain some form of general liability insurance and bonding of the caregiver.

Being an employer is not responsibility to take lightly. If you calculate all the legal requirements of employing the caregiver directly, you will probably see that any anticipated savings will be insignificant, not to mention the fact that you will assume many aggravations of keeping abreast of all of these laws and keeping on top of all the record keeping required by the Wage and Hour division of the Department of Labor. You also may be liable for and suffer the consequences of employee injuries, termination or any potential harassment situation.

There is one more thing to be aware of. Even if you do use an agency, you may still be the employer. Some agencies (usually referred to as a “Placement Agency”) may or may not be the employer. Many times they are asking for a “Placement Fee”. They are leaving out the fact that you are responsible for all of the taxes, licenses etc. even though you have paid someone a fee to find someone for you. This may not be all that they are not telling you. They may not have even run a criminal background check on the individual.

So do your due diligence and ask the appropriate questions. If you are not sure what questions to ask please seek the advice of professionals in this field. While many times it may seem an easier way to go by hiring directly, it truly is not especially if you are looking to limit your liability and headaches.