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household risk management

CASE STUDY: CHARLES AND KATHLEEN, UHNW ELDER EMPLOYER RISK

Charles and Kathleen have been married for over 48 years with two sons who joined their father in the family global shipping business.

Charles and Kathleen own several homes in the U.S., but lately they have focused their attention on their primary residence: a large ranch in the hill country of West Texas. In this home, they employ two full-time housekeepers who have been with the family for 24 years, and a handyman for 18 years and their latest hire a personal chef who has doubled as their gardener for the last two years.

As time went on the couple gradually began relegating daily routine tasks to their domestic staff, i.e., lifeguarding during their morning swim, retrieving personal items, grooming and caring for their pets, chauffeuring them upon request, loading and unloading heavy luggage, and assisting them with bathing and using the toilet. These extra duties took a physical toll on their domestic staff. Within 10 months, the two housekeepers and the handyman had filed four workers' compensation claims among the three of them and left their positions permanently.

Charles and Kathleen were compelled to hire replacements to fill the vacancies in their household staff. They felt that they had been successful in the past with their long-term household employees; consequently, they believed that they could easily hire new housekeepers and a new handyman, "after all how hard can it be"?

Believing their former employees would return and the new employees would only be short-term hires, Charles and Kathleen decided to forgo the recommended vetting process, considering it to be too expensive and time-consuming. The new housekeepers and handyman were on the job within 24 hours of their first and only interview.

After just six weeks, Kathleen noticed there were several pieces of her expensive jewelry missing, along with two first-edition books and 11 gold coins. Had they been stolen, or had they simply been "misplaced"?



Can You Identify the Areas of Risk?

1. How many types of risk are present?
2. When did the risk begin to increase?
3. What best practices are missing from this scenario?

Answer 1.

- EPLI on hazardous working conditions and forced early retirement
- Possible labor law violations on overtime wages
- Additional worker compensation claims
- Potential age discrimination
- Exposure to fraud and theft

Answer 2. Changes in worker responsibility increased physical difficulty on older employees. (Employees may or may not have agreed to the changes).

Answer 3. High level vetting and hiring procedure as well as accident reporting procedures.

PROFESSIONAL INSIGHT

- Elder employers with limited family oversight into hiring household employees require an expert advisor to set clear boundaries and employer expectations, e.g., not borrowing items from the home, asking to borrow money, or accessing the home for personal use.
- Work Life Profiles should always be included in the vetting process prior to employment.
- The culture and work ethic of household employees have changed dramatically over the last few years. Jobs that were once performed by 1 person will require 2, with distinct job descriptions, skills, responsibilities, and salary and benefit packages.
- Job descriptions and offer letters should be customized for each individual employer, creating structure and lowering risk.
- The ratio of applicants to viable hires is 400-500 to 1.



TERESA LEIGH IS A NATIONALLY RECOGNIZED AWARD WINNING EXPERT IN THE FIELD OF HOUSEHOLD AND PROPERTY STAFF FOR UHNW AND HNW CLIENTS AND THEIR ADVISORS.

**Before Hiring Household Employees Speak with an Expert Advisor!
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