



# Compensation Report: Law Firms

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Matching Expectations to Market  
Realities

December 2023

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## Background

Law360's inaugural Law Firm Compensation Survey takes a deep dive into law firms' compensation structures to show how attorneys at all levels of a typical law firm are faring financially, breaking down their compensation and earning potential. Survey respondents hailed from a wide variety of firms in the U.S. This is part of a series of new surveys that expand the data-driven insights available as part of Law360 Pulse, a news service focused on the business of law.

## Methodology

The survey was in the field from June 28 to Oct. 13 and received 862 responses. Survey respondents were asked about their compensation for the year 2022. Participants were composed of 48% associates, 41% partners and 10% other attorneys. Fifty-nine percent of respondents were from firms with more than 100 attorneys. Fifty-seven percent of respondents identified as male, 40% as female. Throughout this analysis, some percentages may not add up to 100 percent due to rounding. The survey was anonymous and does not connect any individual response with any person.

# Introduction

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**By Xavier Chauvris, Xiumei Dong,  
Rachel Reimer and Pamela Wilkinson**

Law360 Pulse

Compensation wars among the biggest law firms have been fierce in recent years. But such high-profile competitions for talent don't always reflect the realities in every corner of the legal world. The dollar value of a compensation package that balances the financial realities of a law firm against the need to attract and retain top talent can vary significantly – as the range of responses to Law360 Pulse's inaugural Law Firm Compensation Survey shows.

At BigLaw firms, the competitive market fueled a surge in associates' starting salaries and bonuses, with the result that some are pulling down over \$200,000 annually in their first year out of law school. Partners' expectations for their compensation have also soared, with equity partners pulling down millions at the biggest firms. But at midsize and small firms, compensation can vary more widely, depending on the work done, the market an attorney is practicing in and the competition for their particular skill set.

While the range of compensation reported by associates responding to Law360 Pulse's Law Firm Compensation Survey covered significant ground, from less than \$100,000 to more than \$500,000, the range of partner compensation packages among participants was even more broad, with partners reporting values from the low six figures to well into the millions.

However, a stark contrast in compensation remains between equity and nonequity partners at firms of all sizes. In total, the nonequity partners who responded to our survey reported an average compensation package of approximately \$350,000, while equity partners' average earnings surpassed the million-dollar mark.

Equity partners also reported much higher average originations and hourly billing rates than nonequity partners, while racking up, on average, fewer billable hours.

For attorneys in all positions at firms of all sizes, transparency in pay structures was mostly lacking. Nearly three-quarters of survey respondents said their firms did not have a fully transparent pay structure. Equity partners were noticeably more inclined to report a higher level of transparency than associates and nonequity partners, but even among them, more than a third suggested that there was no pay transparency at their firms.

The survey also found a gap between men and women. Male respondents reported higher average overall compensation, hourly billing rates and – at the equity partner level – significantly higher average total originations than female respondents.

Such differences notwithstanding, attorneys were generally satisfied with their compensation: nearly 60% of survey respondents said they were satisfied or very satisfied.

# 1. Overall Compensation

Lawyers spend time and money working their way into the profession, and experience and expertise play a significant role in their earning potential, among other factors. For associates just out of law school, starting salaries are just the beginning of long-term earning potential that, for at least some, will culminate in an equity partnership at a highly profitable firm.

Lawyers who responded to the survey

## Associates

The average compensation for all associates who responded to the survey was around \$200,000, including bonus.

While the so-called Cravath scale — a standardized pay scale for associates based on their years of experience — dominates among elite law firms, with a pay range from more than \$200,000 for first year associates to more than \$400,000 for associates eight years out of law school, many firms must take a different approach to associate compensation.

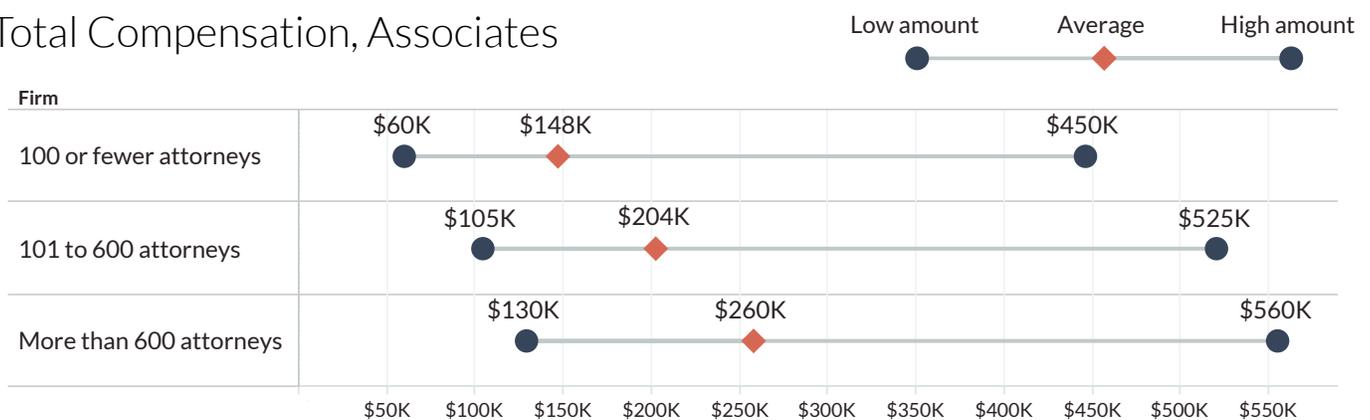
The average total compensation reported

by surveyed associates at firms with more than 600 attorneys was well over \$200,000 — significantly higher than the average total compensation for associates at firms with 100 or fewer attorneys, which was closer to \$150,000.

Survey respondents also worked at law firms with vastly different bench strengths, which does matter when it comes to expectations of compensation.

The survey also found a wide range of compensation within each of the firm size categories. Among associates at firms with 100 or fewer attorneys, compensation went from well under \$100,000 to \$450,000. At firms of more than 600 attorneys, associate compensation went from well over \$100,000 to more than half a million.

## Total Compensation, Associates



## Nonequity Partners

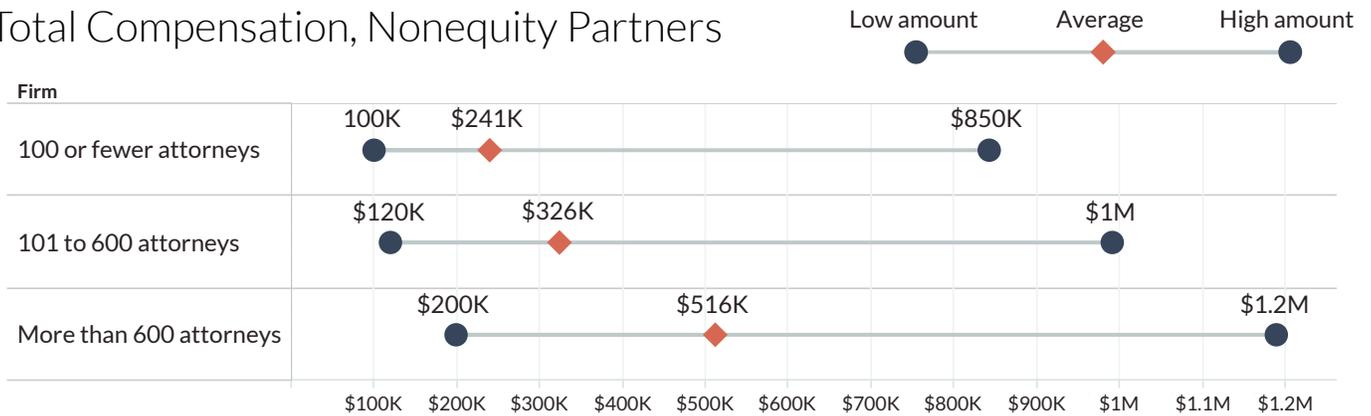
The average compensation for all nonequity partners who responded to the survey was about \$350,000.

For this group in particular, the size of the law firm created a significant difference in average compensation. At firms with 100 or fewer attorneys, the average compensation reported by nonequity partners was under \$250,000, while at firms with more than 600 attorneys, the average compensation

surpassed half a million.

The ranges of compensation for nonequity partners also varied widely. In the lower ranges, their salaries could look similar to what many associates make in big markets. At the smallest firms, compensation ranged from as low as \$100,000 to as high as \$850,000, while at the largest firms, some nonequity partners reported pulling down sums that went from \$200,000 to well over a million.

### Total Compensation, Nonequity Partners





## Equity Partners

Equity partnerships, the brass ring for many lawyers in the U.S., continue to be very lucrative.

Equity partners' annual rewards for their labors are typically closely tied to the firm's profits. While law firms raked in record profits in 2021, 2022 produced very different results, with a weaker market for legal services and rising costs.

But even with that uncertainty, the average compensation for equity partners in 2022

still cleared the \$1 million mark. Equity partners also earned significantly more, with their average compensation close to three times that of the average compensation for nonequity partners.

Bigger firms also boasted eye-popping compensation packages for those lucky enough to have an equity partnership. At firms with more than 600 attorneys, the average compensation was over \$2 million, while at firms under 100 attorneys, the average was closer to half a million.

### Total Compensation , Equity Partners



## 2. Compensation Transparency

Half of the survey's respondents said there was no transparency in compensation at their law firms. Among the half who responded affirmatively, less than a third

— 28% — said pay was fully transparent at their firms. Twenty-two percent of the same group said pay was partially transparent.

### Are lawyer salaries transparent at your firm?

All attorneys



The study found a discrepancy in the perception of transparency, with equity partners much more inclined to answer positively than either nonequity partners or

associates. Just over half of equity partners reported that pay was transparent, compared with just under a quarter of associates — 24% — and 14% of nonequity partners.

Associates



Nonequity partners



Equity partners



# 3. Pay Satisfaction

Attorneys are generally satisfied with their compensation. A majority — 58% — said they were satisfied or very satisfied. That said,

relatively few — 16% — were very satisfied, and nearly a quarter — 23% — reported being dissatisfied to some degree.

How satisfied are you with your total compensation?

■ Very dissatisfied  
 ■ Dissatisfied  
 ■ Neither satisfied nor dissatisfied  
 ■ Satisfied  
 ■ Very satisfied

All attorneys



The survey did find an apparent link between seniority and satisfaction with pay, with equity partners more inclined to say they were satisfied than any other group. Most noticeably, though, it was nonequity partners who were the least inclined to express satisfaction with their compensation. The vast majority of equity partners — 78% — were satisfied or very satisfied. By comparison, just under half of nonequity partners — 49% — were satisfied to some degree. This portion was even smaller than that of associates, among whom slightly more

than half — 53% — were satisfied or very satisfied with their compensation.

Dissatisfaction was similarly less pronounced in the uppermost echelons. Only 10% of equity partners were dissatisfied with their compensation, compared with 28% of nonequity partners and 27% of associates. Even here, however, nonequity partners were significantly more inclined to be very dissatisfied, at 7%, compared with 4% of associates and 3% of equity partners.

Associates



Nonequity partners



Equity partners

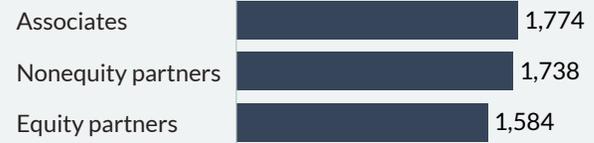


## 4. Billable Hours

Firms appear to be doing fairly well with respect to bringing in business. Only 14% of respondents said their billable hours had decreased over the last year. The greater portion – 41% – said their billable hours had stayed the same. Roughly a third said their billable hours had increased in 2022. Among those who saw an increase, roughly half were associates, about a quarter were equity partners, and 15% were nonequity partners.

Long hours seemed to be the norm for attorneys at every level, with associates racking up the most time. Average billable

### Average Billable Hours



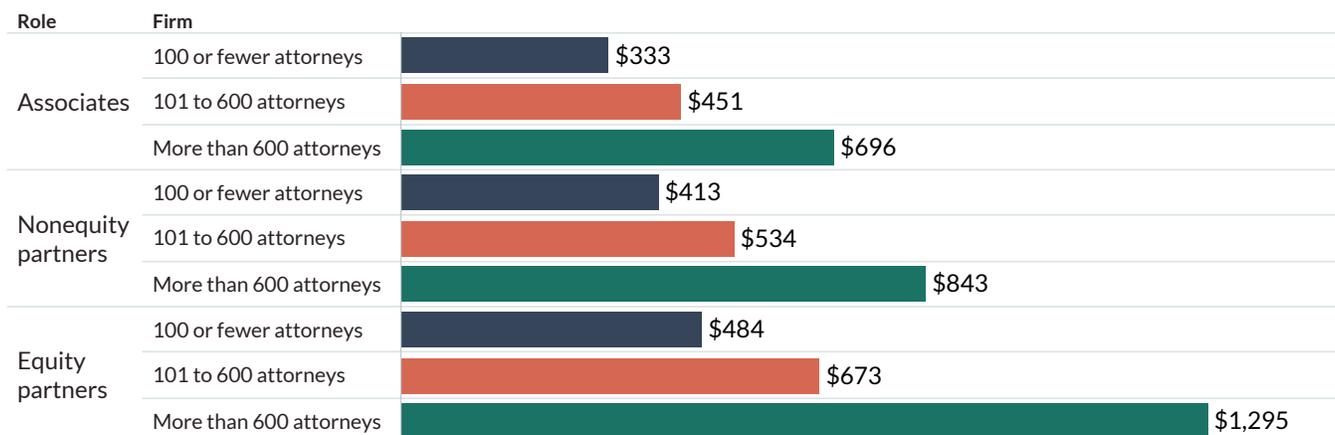
hours ranged from 1,584 for equity partners to 1,738 for nonequity partners and 1,774 for associates. More than a fifth of respondents reported racking up 2,000 or more billable hours in 2022 and a few reported more than 3,000 hours.

## 5. Billing Rates

The survey saw a wide range of average hourly billing rates, from as low as around \$330 for associates at firms of 100 or fewer attorneys, to just under \$1,300 for equity partners at the largest firms. As is to be expected, attorneys at the largest firms charged significantly more, with

equity partners at firms with more than 600 attorneys averaging rates that were nearly double those of firms that were any smaller than that size. About 3% of respondents reported pulling in \$1,500 or more in hourly billing rates and a handful said they bill \$2,000 or more.

### Average Hourly Billing Rates



## 6. Originations

Seventy-nine percent of respondents said their firm tracks originations. Of that 79%, 52% reported that their firm allows associates to receive origination credits. And 45% said their firm’s policy is to share credits among attorneys (i.e. pitch, timekeeper, relationship).

In practice, however, only a handful of associates actually shared the total origination credits they secured in 2022. Just 7% of associates who responded to our survey provided the value of origination credits they received in 2022, suggesting that while firms may allow associates to accrue originations, it may be difficult to actually do so. The credits this group reported ranged from \$2,000 to \$400,000.

### Average Originations for 2022



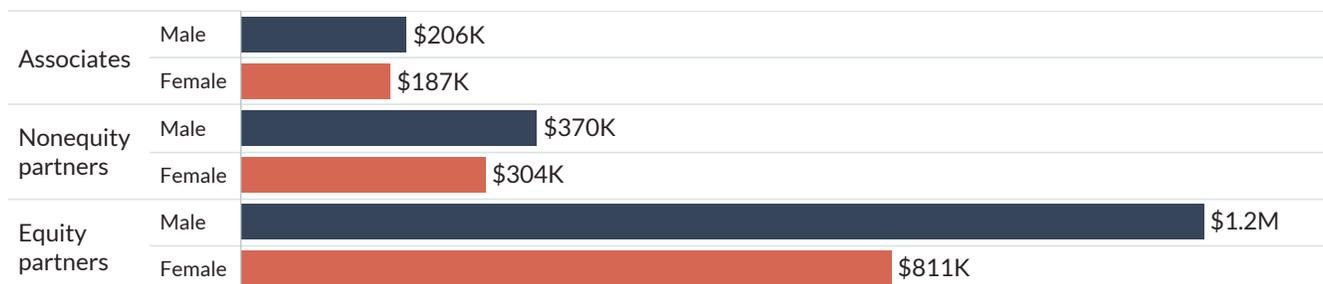
Among partners, the average amount in origination credits reported by nonequity partners was around \$630,000, while for equity partners, it was a little over \$2 million. Averages ran to over a million for equity partners across the spectrum, going from \$1.3 million at firms of 100 or fewer attorneys to \$2 million at firms of 101-600 and \$3.1 million at firms of more than 600.

## 7. The Gender Gap

On average, women continue to make less than men at every level and to charge less in billing rates as well. Male associates earned an average of \$206,000 in compensation, and female associates, an average of \$187,000 – a difference of \$19,000. Male nonequity partners earned \$66,000 more

than female nonequity partners in average compensation – \$370,000 compared to \$304,000, respectively. The disparity jumped to nearly \$390,000 among equity partners, with women pulling in an average sum of \$811,000, compared with \$1.2 million for men.

### Average Total Compensation



The lower average compensation numbers for female attorneys – at least at the equity partner level, where it is most pronounced – may be traced in part to the gross disparity in average origination credits that our survey found – a difference of \$1 million. Male equity partners reported average total originations of \$2.3 million, compared with \$1.3 million for their female counterparts.

Lower hourly billing rates would also come into play, with women charging on average consistently less – although at the associate

and equity partner levels, the difference was fairly slight. Among nonequity partners, men reported billing \$90 more than women in average hourly rates.

Even so, more than half of the women who responded said they were satisfied with their compensation – 56%, a portion that was only somewhat lower than the 60% figure among the men. Women were also not significantly more inclined to be dissatisfied. Just over a quarter expressed some degree of dissatisfaction with their compensation – 27%, compared to 21% of the men.

### Average Hourly Billing Rates



## 8. Looking Ahead

The legal industry has faced hurdles recently as demand for legal services eased. But our survey shows that, for the most part, firms were holding the line with respect to bringing in business. Only 14% of the respondents said their billable hours decreased in 2022, while more than 40% said their billable hours stayed the same.

Some firms appear to have successfully held back growth in one of their biggest expenses

– lawyer compensation – in order to ensure their overall performance remained steady, and other firms may be looking to do the same as they face the uncertainty of the new year.

Law 360 Pulse will be closely following those trends and collecting data to shed light on law firms and their compensation considerations as they face new challenges in 2024.

# Meet the Team

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**Xiumei Dong**  
Senior Reporter



**Xavier Chauvis**  
Data Analyst



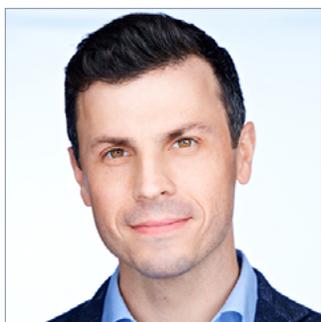
**Rachel Reimer**  
Senior Data Analyst



**Pamela Wilkinson**  
Features Editor



**John Campbell**  
Senior Data Editor



**Chris Yates**  
Art Director



**Jacqueline Bell**  
Director of Series,  
Surveys & Data

# Questionnaire

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## Which of the following best describes you:

- Associate at a private firm
- Nonequity partner at a private firm
- Equity partner at a private firm
- Of counsel at a private firm
- Other attorney working at a private firm
- I am not a lawyer or do not practice law at a law firm

## What is your practice area?

## What is your firm size?

- 1 to 25 attorneys
- 26 to 100 attorneys
- 101 to 250 attorneys
- 251 to 600 attorneys
- 601 to 1,000 attorneys
- More than 1,000 attorneys

## Which state or territory are you based in?

## Does your firm have an equity partnership tier?

- Yes
- No

## How are equity partners compensated at the firm?

- Lockstep
- Equal distribution
- Modified lockstep
- Formula
- Combination
- Subjective
- Corporate
- Eat what you kill
- Other (please specify)

## How are nonequity partners compensated at the firm?

- Lockstep
- Equal distribution
- Modified lockstep

- Formula
- Combination
- Subjective
- Corporate
- Eat what you kill
- Other (please specify)

### **Are lawyer salaries transparent at your firm?**

- Yes
- No
- Partially (ranges are known, but precise figures are not)

### **What was your total compensation for 2022?**

### **What is your current hourly billing rate?**

### **Over the past year, did your billable hours increase, decrease or stay the same?**

- Increase
- Decrease
- Stay the same
- Not applicable

### **How satisfied are you with your total compensation?**

- Very satisfied
- Satisfied
- Neither satisfied nor dissatisfied
- Dissatisfied
- Very dissatisfied

### **Does your firm track originations?**

- Yes
- No

### **Does the firm utilize any of the following origination credit policies or tools?**

- Origination credits are shared among attorneys (i.e. pitch, timekeeper, relationship)
- Sunset provisions (e.g., new client eventually becomes a firm client)
- Percent cap on origination credits (e.g., originator can only receive 75% of the credit, and the remaining credit is divided)
- Associates can receive origination credits
- The firm has established a committee to handle origination credits disputes
- Other (please specify)

### **What were your total originations for 2022?**

**How many billable hours did you register in 2022?**

**How many nonbillable hours did you register in 2022?**

**Are lawyers at your firm allowed to take equity ownership in their clients or receive grants of stock, restricted stock and stock options, in lieu of some or all legal fees?**

- Yes
- No

**On what basis are annual incentives or bonuses distributed to professionals at your firm?**

- Discretionary, based on firm performance
- Entirely discretionary
- Formulaic, based on individual performance
- No plan
- Other (please specify)

**Has your firm offered you a match on your retirement plan?**

- Yes
- No

**What is the firm's maximum retirement match as a percentage of your salary?**

**How many years of experience did you have as an associate before being elevated to partner?**

**Has your firm de-equitized any partners in 2022?**

- Yes
- No
- Not sure

**Has your firm asked any partners to retire in 2022?**

- Yes
- No
- Not sure

**What is your gender?**

- Female
- Male
- Nonbinary/third gender
- Prefer not to disclose

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