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Median First-Year Big-Law Associate Salary Slumps to \$145,000 in 2012, a Median Last Seen in 2007

Recent research from NALP reveals that, although first-year associate salaries of \$160,000 are still widespread at large law firms of more than 700 lawyers — especially in large markets — that figure no longer represents the prevailing salary, resulting in a median for this group of firms as a whole of \$145,000, a median figure last seen in 2007. In the intervening years at least half the first-year salaries in firms of this size were reported at \$160,000, with the proportion reaching a high of nearly two-thirds in 2009, confirming the characterization of 2009 as the recent high point for large firm salaries.

\$160,000 Still the Norm at Largest Firms, Though Prevalence Erodes

To be sure, in many markets, including Chicago, Los Angeles, New York, and Washington, DC, first-year salaries of \$160,000 are still the norm at the largest firms, though they are not as widespread as they were just a few years ago. For example, in 2009, about 90% of offices in firms of more than 700 lawyers in Los Angeles and Washington, DC reported a first-year salary of \$160,000; in 2012 only about two-thirds did so. Overall in firms of more than 700 lawyers salaries of \$160,000 accounted for 46% of reported first-year salaries, compared with 54% in 2011, 58% in 2010, and 65% in 2009.

In firms of 251-700 in Chicago, Los Angeles, and Washington DC, although some firms still pay first-year associates \$160,000, most do not, resulting in medians in the \$135,000-145,000 range. The median in San Francisco for firms of 251 or more lawyers remains at \$145,000 having reached \$160,000 only in 2009. Only in New York is the \$160,000 starting salary still dominant, with 75% of firms with 251 or more lawyers paying that amount and 87% of firms with 701 or more lawyers reporting that as the first-year associate salary.

Overall Median Rises Slightly

NALP's *2012 Associate Salary Survey* reports that the overall median first-year salary at firms of all sizes was \$125,000, up from \$115,000 in 2011. Medians ranged from \$70,750 in firms of 2-25 lawyers to \$125,000 in firms of 501-700 lawyers, and \$145,000 in firms of 251-500 lawyers and in firms of more than 700 lawyers. The median at firms of 251-500 lawyers had been at \$125,000 from 2009 to 2011, while that at firms of 501-700 lawyers edged up from \$120,000, reflecting relatively more reporting of salaries of \$125,000 in 2012 compared with 2011.

“Compared to the period of 2006 through 2009, when associate salaries were rising year on year at a steady clip, in the period since the recession hit the legal industry we have seen associate salaries remain more or less static,” noted James Leipold, NALP’s Executive Director. “Among the largest firms, there has been a measurable backing away from \$160,000 as a starting salary, though that level of compensation is still dominant in New York and a few other markets. Associate salaries at smaller firms have shown very modest movement, both upward and downward, over the last three years. We would not expect to see much widespread upward movement in associate salaries until the demand for legal services in North America picks up considerably from where we are today,” he concluded.

Anticipated Median Salary for Incoming Associates at Largest Firms Also Falls

Information reported by firms concerning their anticipated base pay for incoming Class of 2012 associates, lawyers who will start work this fall, suggests that while \$160,000 will remain the most common starting salary in firms of more than 700 lawyers, it will continue to be the starting salary for less than half of these firms, resulting in a median of \$145,000 for these firms, compared with the \$160,000 anticipated salary that was reported last year for the Class of 2011. Anticipated base salaries for other size firms remained relatively steady, except in firms of 251-500 lawyers where the median anticipated base salary for incoming associates rose to \$135,000 compared to about \$125,000 for 2011.

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Median Base Salaries by Associate Year and Firm Size (as of April 1, 2012)

Associate Year	FIRM SIZE — Number of Lawyers															
	2-25		26-50		51-100		101-250		251-500		501-700		701+		All Sizes	
	Median	# Rept	Median	# Rept	Median	# Rept	Median	# Rept	Median	# Rept	Median	# Rept	Median	# Rept	Median	# Rept
First	\$70,750	10	\$90,000	21	\$100,000	38	\$110,000	62	\$145,000	67	\$125,000	70	\$145,000	83	\$125,000	351
Second	75,100	7	94,500	22	103,000	37	112,500	63	160,000	64	124,000	66	155,000	85	127,000	344
Third	78,850	14	94,750	19	112,000	35	116,000	64	170,000	65	127,275	70	160,950	96	131,250	363
Fourth	80,000	12	105,600	21	115,700	36	120,000	64	180,000	68	135,600	75	167,075	97	137,700	373
Fifth	83,450	12	107,450	24	114,650	41	124,000	63	205,000	63	143,600	77	180,000	96	144,350	376
Sixth	86,000	8	118,000	19	115,000	38	130,000	62	215,000	65	145,000	75	185,000	99	150,000	366
Seventh	—	—	123,000	16	127,000	35	134,000	57	225,000	65	153,000	73	200,000	95	159,000	345
Eighth	95,000	11	118,250	16	126,150	22	135,000	44	250,000	54	160,000	71	210,975	84	169,100	302
Summer Associates (\$/week)																
1st year	—	—	1,175	10	1,350	20	1,900	37	2,800	55	2,300	47	3,075	35	2,100	208
2nd year	—	—	1,450	20	1,600	29	2,000	48	2,800	64	2,300	69	3,075	87	2,300	321
3rd year	—	—	1,275	5	2,050	12	2,000	8	3,100	21	3,075	19	2,100	12	2,800	77

The “# Rept.” column indicates the number of offices reporting. For purposes of this summary report, medians have been rounded to the nearest \$25.

Impact of Levels-Based Salaries Apparent in Reported Data

In recent years, a number of firms have moved to a compensation system in which associates move through levels, with compensation decisions within each level primarily based on skills mastered rather than on class year. Firms using a levels-based system typically have three, or sometimes four, levels. In 2012, the median level of compensation within the first level was \$133,000 in firms of 251 or more lawyers. The median in the second level of compensation was \$143,500, and \$164,500 in the third level. The reporting of salaries by level rather than class year is new enough that historic comparisons are not relevant or even necessarily available.

Data Represent Broad-Based Reporting

A total of 570 law offices responded to NALP's *2012 Associate Salary Survey* by providing salary information as of April 1, 2012. With almost 10% of respondents representing firms of 50 or fewer lawyers and 54% representing firms of more than 500 lawyers, the report sheds valuable light on the breadth of salary differentials among law firms of varying sizes at the national level.

As expected, each year of associate experience brings several thousand dollars in increased compensation: median salaries for eighth-year associates ranged from \$95,000 in small firms to about \$211,000 in the largest firms, with a median for all reporting firms of \$169,100.

Regional and Geographic Differences Apparent

The volume of data reported on this year's survey allowed analyses for 21 individual cities as well as additional states and regions not encompassed by those cities. These analyses reveal a wide range of law firm compensation. For example, the overall prevailing salary for first-year associates in firms of more than 700 lawyers was \$160,000 in the Northeast and West, but \$125,000 in the Midwest and \$135,000 in South. The highest first-year salary reported was \$165,000. Outside of the largest markets, salaries of \$160,000 were not typical. The median in Seattle and Philadelphia was \$120,000, and in Minneapolis \$110,000 was the typical starting salary. Contrasts between large and smaller metropolitan areas are also evident. For example, in large metropolitan areas with populations of more than 5 million, the median first-year salary in firms of 501-700 lawyers was \$125,000; in metropolitan areas of fewer than 1.5 million, the median was \$90,000.

The *2012 Associate Salary Survey* also gathered information on salaries for intellectual property (IP) lawyers, salary levels for staff attorneys and law clerks, and information on the prevalence and size of bonuses for prior judicial clerks. Information on salaries for intellectual property attorneys was more limited, and in large part reported by firms of more than 250 lawyers. The information reported suggests that, compared with firms of this size as a whole, those with IP lawyers may pay an entry-level salary of \$160,000 somewhat more often. When IP salaries at the largest firms are compared with those of the largest firms as a whole, the median is \$160,000 instead of \$145,000 and is \$30,000-40,000 higher among senior associates. Also, not all firms with IP lawyers have a differentiated salary scale for IP lawyers.

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Staff Attorney Salaries, Post-Clerkship Bonuses, Also Reported

Salaries for staff attorneys are about \$117,000 per year and were most commonly reported by firms of 251-700 attorneys. Median hourly salaries for law clerks typically range from \$25 to \$65 per hour depending on firm size.

While about half of firms of more than 250 lawyers pay a bonus to prior judicial clerks, smaller firms usually do not. Bonuses of \$10,000 to \$25,000 are most common, depending on the type of court, but can be higher, particularly for prior U.S. Supreme Court clerks.

More detailed results by city and region for associates through the eighth year, information on salary ranges and bonuses, and information on salaries for firms that have established a levels-based system tied to the mastery of competencies, are found in the complete *2012 Associate Salary Survey* report, now available from NALP's bookstore for \$160 plus shipping and handling.

About NALP: Founded in 1971, the National Association for Law Placement, Inc.[®] (NALP[®]) is dedicated to continuously improving career counseling and planning, recruitment and retention, and the professional development of law students, lawyers, and its members. NALP maintains an online archive of press releases at www.nalp.org/pressreleases. For additional information about NALP research, contact Judith Collins (jcollins@nalp.org), Director of Research, or James G. Leipold (jleipold@nalp.org), Executive Director, at 202-835-1001. Mailing address: National Association for Law Placement, 1220 19th Street NW, Suite 401, Washington, DC 20036-2405.
