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Associate Salaries Bobble But Remain Essentially Flat

Starting associate salaries at large law firms have remained essentially flat since 2007, despite some erosion of the prevalence of \$160,000 as the norm. New research from NALP reveals that first-year associate salaries of \$160,000 are still widespread at large law firms of more than 700 lawyers — especially in large markets — and became somewhat more prevalent in 2013 compared with 2012, as a result pushing the median for this group of firms as a whole back up to \$160,000 after it had dropped to \$145,000 in 2012. Thus once again more than half of first-year salaries were reported as \$160,000, as has been the case every year since 2008 with the exception of 2012. In 2013, about 56% of the starting salaries at firms of more than 700 lawyers were \$160,000, compared to nearly two-thirds of the salaries in 2009, thus confirming the characterization of 2009 as the recent high point for large firm salaries. It also remains the case that \$160,000 is also the high starting salary at these firms and has been the high since some firms moved to this starting salary in 2007. In this sense large firm salaries have remained essentially flat since the recession, as the high has generally remained unchanged for six years.

\$160,000 Remains the Norm at Largest Firms as Prevalence Rebounds a Bit

As might be expected, 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 2013 about 70% did so, up from about two-thirds in 2012. Overall in firms of more than 700 lawyers salaries of \$160,000 accounted for 56% of reported first-year salaries, compared with 46% in 2012, 54% in 2011, 58% in 2010, and 65% in 2009.

In firms of 251-700 in Chicago, Los Angeles, and Washington DC, a number of firms pay first-year associates \$160,000; however, the number paying less is enough to result in medians just below \$160,000. The median in San Francisco for firms of 251 or more lawyers is \$152,500, reflecting about equal numbers of first-year salaries of \$145,000 and \$160,000, with not quite enough \$160,000 salaries to return the median to the \$160,000 figure,

which was reached only in 2009. Only in New York is the \$160,000 starting salary still dominant, with 75% of firms of more than 250 lawyers paying that amount and over 90% of firms of more than 700 lawyers reporting that as the first-year associate salary.

Overall Median Is Flat

NALP's 2013 Associate Salary Survey reports that the overall median first-year salary at firms of all sizes was \$125,000, unchanged from 2012. Medians ranged from \$78,000 in firms of 2-25 lawyers to \$125,000 in firms of 501-700 lawyers, and \$160,000 in firms of 251-500 lawyers and in firms of more than 700 lawyers. The median at firms of 251-500 lawyers was \$145,000 in 2012 and had been at \$125,000 from 2009 to 2011, while that at firms of 501-700 lawyers remained at \$125,000 after edging up from \$120,000 in 2011.

“The story is really one of no change, or at least not much change,” noted James Leipold, NALP’s Executive Director. “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 we have seen associate salaries remain more or less static. At the largest firms in the largest markets, a starting salary of \$160,000 remains the norm, though its prevalence has ebbed and flowed a bit over the last several years. Associate salaries at smaller firms have shown very modest movement, both upward and downward, over the last four years, also remaining essentially flat. And,” he

Median Base Salaries by Associate Year and Firm Size (as of April 1, 2013)

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.....	\$78,000	17	\$110,000	25	\$100,000	55	\$110,000	73	\$160,000	65	\$125,000	105	\$160,000	90	\$125,000	430
Second	84,100	14	110,000	23	102,500	46	112,500	70	162,500	70	129,000	99	164,675	92	130,000	414
Third.....	85,000	12	122,150	22	108,000	52	119,900	66	175,000	62	130,000	97	175,000	95	136,000	406
Fourth.....	85,500	10	115,000	23	110,000	51	121,625	72	190,000	66	140,000	101	190,000	96	141,050	419
Fifth	100,000	13	120,000	25	120,000	51	129,450	67	205,000	72	144,425	102	201,975	94	148,450	424
Sixth	92,000	9	125,000	23	120,000	56	132,500	64	215,000	71	152,000	103	210,000	97	155,000	423
Seventh.....	95,000	9	140,000	19	128,500	45	135,500	69	240,000	66	160,000	94	226,875	95	165,000	397
Eighth	101,000	10	138,925	15	129,375	42	142,250	58	255,000	57	169,125	100	225,000	83	170,000	365
Summer Associates (\$/week)																
1st year	—	—	2,000	14	1,800	19	1,800	48	2,600	77	1,900	101	3,075	70	2,100	333
2nd year	1,800	6	1,800	25	1,725	41	1,900	60	2,650	90	2,300	125	3,075	109	2,300	456
3rd year	—	—	1,750	6	2,500	9	2,025	13	3,075	41	2,500	53	2,700	36	2,500	160

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

concluded, “there is nothing about the current market that suggests starting associate salaries will be moving up any time soon.”

Anticipated Median Salary for Incoming Associates Relatively Steady

Information reported by firms concerning their anticipated base pay for incoming Class of 2013 associates, lawyers who will start work in fall 2013, 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 not quite half of these firms, resulting in a median of \$147,500 for these firms, compared with the \$145,000 anticipated salary that was reported last year for the Class of 2012. The small difference reflects a slightly larger proportion of \$160,000 salaries in 2013 compared with 2012. 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 \$145,000 compared to about \$135,000 for 2012.

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 2013, the median level of compensation within the first level was \$152,500 in firms of more than 700 lawyers, and \$122,000 overall. The median in the second level of compensation was \$185,000 in the largest firms, and \$143,500 overall. The respective figures for the third level were \$216,000 and \$160,000. Compared with 2012 there was considerably more reporting of levels-based compensation information, thus allowing more analyses by firm size. In general, however, the range of salaries reported for each level aligns with those reported for 2012, as do the average figures. Median figures are also similar, although at the first level the median was down from \$133,000, reflecting more smaller firms reporting levels-based compensation figures.

Data Represent Broad-Based Reporting

A total of 665 law offices responded to NALP’s 2013 Associate Salary Survey by providing salary information as of April 1, 2013. With about 9% of respondents representing firms of 50 or fewer lawyers and 51% 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 \$101,000 in small firms to over \$250,000 in firms of 251-500, with a median for all reporting firms of \$170,000.

Regional and Geographic Differences Apparent

The volume of data reported on this year's survey allowed analyses for 27 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, Midwest, and West, but only \$145,000 in the South. The highest first-year salary reported was \$170,000. As noted earlier however, that figure was the exception and not at all typical. Outside of the largest markets, salaries of \$160,000 were not typical. The median in Seattle was \$120,000, and in a number of markets including Minneapolis, St. Louis, and Pittsburgh, \$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 \$135,000; in metropolitan areas of fewer than 1.5 million, the median was \$100,000.

Salaries for Intellectual Property Lawyers

The *2013 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 only 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 pay an entry-level salary of \$160,000 far more often. When IP salaries at these firms are compared with firms of more than 250 lawyers as a whole, the median and prevailing salary is \$160,000 instead of \$145,000 and is about \$50,000 higher among senior associates. Also, not all firms with IP lawyers have a differentiated salary scale for IP lawyers.

Staff Attorney Salaries, Post-Clerkship Bonuses, Also Reported

Salaries for staff attorneys are about \$108,000 per year and were most commonly reported by firms of more than 250 lawyers. Median hourly salaries for law clerks typically range from \$25 to \$50 per hour depending on firm size.

While about two-thirds 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 *2013 Associate Salary Survey* report, now available from NALP's bookstore for \$160 plus shipping and handling.

About NALP: NALP is an association of over 2,500 legal career professionals who advise law students, lawyers, law offices, and law schools in North America and beyond. What brings NALP members together is a common belief in three fundamental things. First, all law students and lawyers should benefit from a fair and ethical hiring process. Second, law students and lawyers are more successful when supported by professional development and legal career professionals. Third, a diverse and inclusive legal profession best serves clients and our communities. That's why NALP members work together every day to collect and publish accurate legal employment data and information, and champion education and standards for recruiting, professional and career development, and diversity and inclusion. For more than 40 years, NALP has played an essential role in the success of our members and the lawyers and law students they serve.

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.
