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Comparative Analysis of Salaries in Law Firms

Contents:

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- 1 Executive Summary
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1 Executive Summary – *Objective and Background*

Objective:

As in earlier editions, this document attempts to summarize the current market situation of remuneration packages offered by leading law firms, analyzing the salary ranges of the different professional categories and comparing them with the same data collected for previous years.

Background:

In order to carry out this study both national and international firms, as well as the fiscal and legal divisions of the Big 4 with more than 50 professionals were taken into account. This provides an analytical data set of the remunerations of over 6,950 sector professionals.

The included data corresponds to the remuneration for the following categories of **Entry-Level, Junior Associate, Associate, Senior Associate and Director** in the above mentioned firms. The fixed salary, variable salary and benefit package are analyzed in relation to the corresponding professional category of each individual.

1 Executive Summary – *Data Sample and Variables*

Data Sample:

Remuneration packages of firms representing more than 5,340 professionals, amounting to a market sample of 77 %.

Variables:

This study once again collects the comparative results of monetary remuneration but also includes elements of non-monetary benefits such as:

- Meal tickets
- Car packages
- Retirement Funds
- Medical Insurance
- Life Insurance
- Cellular phone and service
- Others (gym memberships, parking, club memberships, etc.)

1 Executive Summary – Professional Categories

For the purposes of this study, professional positions have been grouped together based on the following guide:

<u>Sector Category</u>		<u>Category in the Study</u>
Up to 1 year	➔	Entry-Level
From 1 to 3 years	➔	Junior Associate
From 4 to 6 years	➔	Associate
From 7 to 9 years	➔	Senior Associate
10 years and up	➔	Director

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2 Study Results

Salary Structure (fixed and variable)

	Fixed			Variable			Total (Fixed + Variable)	
	Minimum	Average	Maximum	Minimum	Average	Maximum	Total Average	Q3*
Entry-Level	22,500 €	29,577 €	33,000 €	0 €	N/A ^{*(1)}	838 €	29,641 €	32,000 €
Junior Assoc.	22,500 €	36,384 €	49,000 €	0 €	N/A ^{*(2)}	5,250 €	37,245 €	41,625 €
Associate	34,000 €	52,571 €	75,000 €	0 €	2,751 €	9,000 €	55,322 €	61,405 €
Senior Assoc.	48,543 €	77,038 €	115,900 €	6,200 €	11,893 €	27,000 €	88,931 €	97,733 €
Director	75,000 €	106,239 €	140,000 €	10,560 €	24,895 €	84,000 €	131,135 €	132,500 €

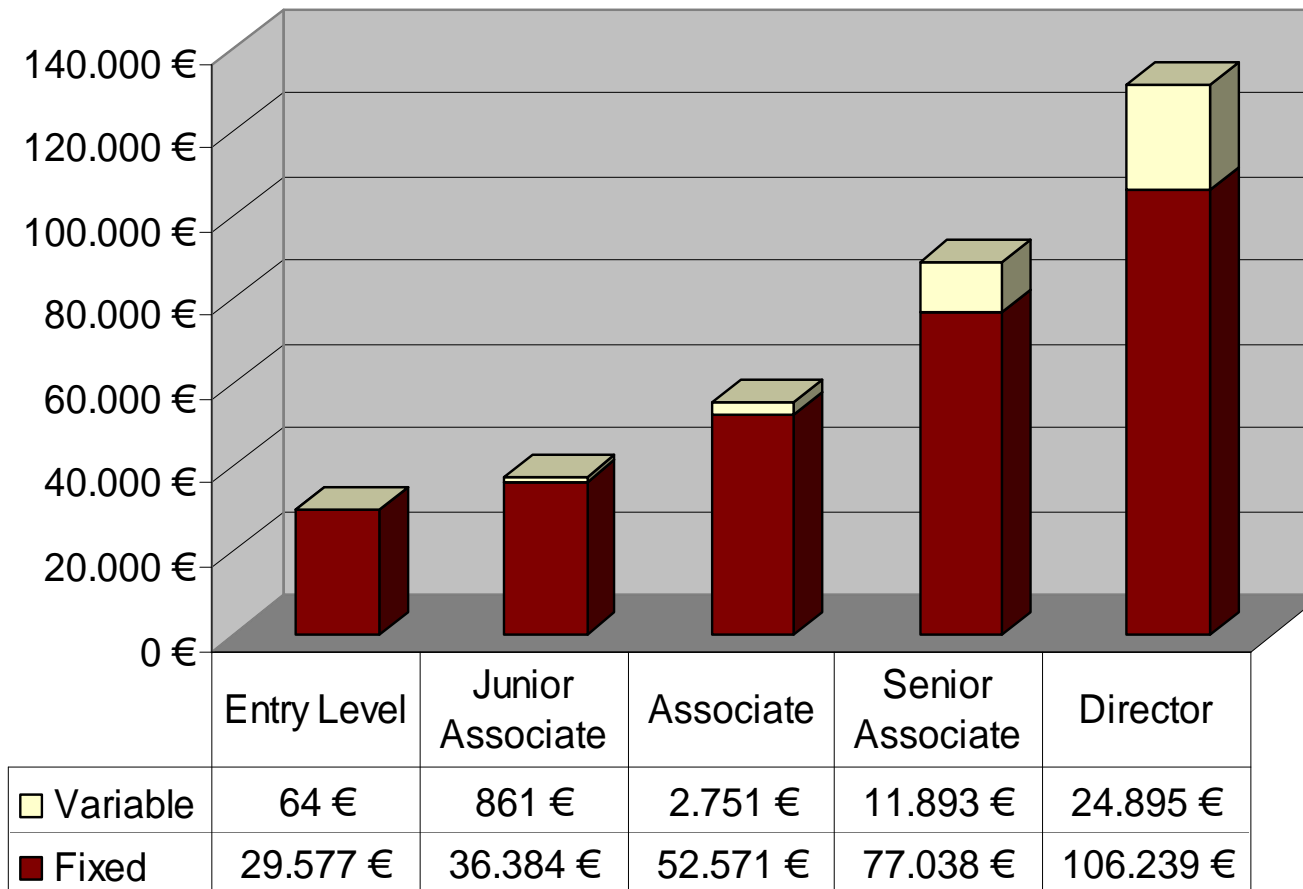
* (1): Only 8% of the firms studied use variable remuneration for the **Entry-Level** category.

* (2): Only 23% of the firms studied use variable remuneration for the **Junior Associate** category.

*Q3: Compensation superior to 75% of the studied universe.

2 Study Results

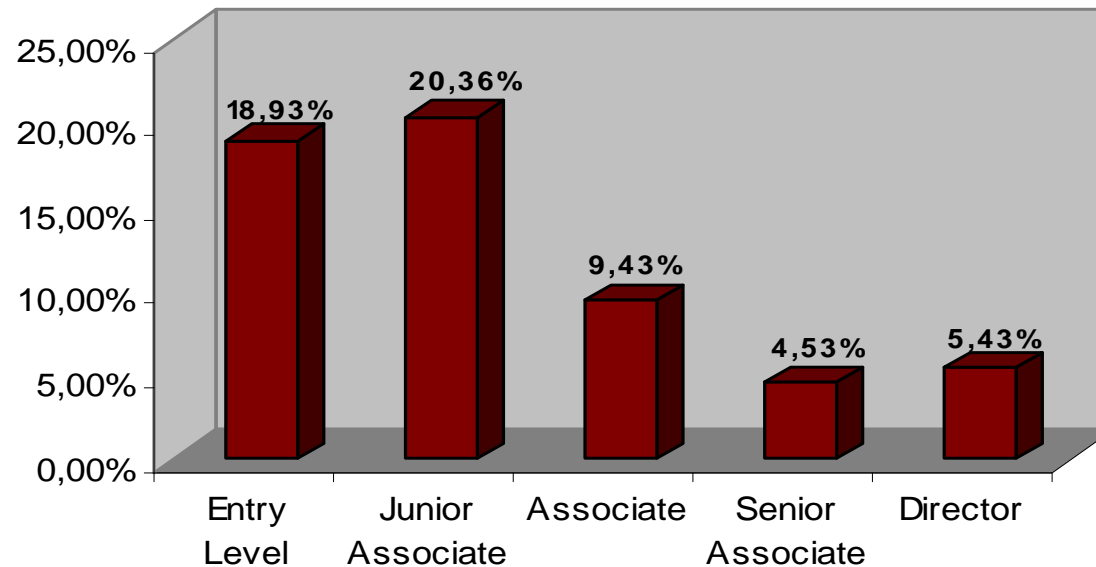
Relation of fixed to variable of average salaries



2 Study Results

Salary increase from 2006 (Fixed + Variable)

	Average 2006	Average 2007	Increase %
Entry-Level	24,924 €	29,641 €	18.93%
Junior Assoc.	30,945 €	37,245 €	20.36%
Associate	50,553 €	55,322 €	9.43%
Senior Assoc.	85,073 €	88,931 €	4.53%
Director	124,377 €	131,135 €	5.43%



2 Study Results

Other significant characteristics in remuneration policies (Non-Monetary Benefits)

- More than 50% of the firms studied used some form of flexible remuneration plan.
- The large majority of the firms studied provided life insurance as part of its compensation package, while around 70% offer medical insurance.
- Approximately 70% of the firms studied use meal tickets in their retribution plan.
- Cellular phones and garage parking are offered by 85% and 46% of firms respectively.
- More than 60% of the firms studied include in their package Spanish Bar fees. In some cases this is only the initial membership fee, but in others this also includes the annual membership fee.
- It can be observed that it is becoming more frequent that firms offer new possibilities in their remuneration plans, often included in their flexible compensation package. Some of these possibilities are:
 - Gym memberships
 - Housing Aid
 - Daycare Aid
 - Computer purchase programs
 - Etc.

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3 Conclusions

An overall increase in salaries can be observed in all categories, most noticeably significant in increase in total compensation in the lowest categories (Entry-Level and Junior Associate).

- The observed increase in salary for the lowest professional categories is significantly higher than that of previous years, with the opposite being the case for the highest categories.
- The differences in salaries between national and international firms have minimized over the years, however, both still maintain higher levels to those of the fiscal and legal divisions of the Big 4, in spite of the efforts that made by the latter.

3 Conclusions

- All of the firms studied use variable salary as a portion of their remuneration package from certain categories on. The consensus is for it to be applied to lawyers from the 7th year on, although it can be noted that firms increasingly are applying this practice to lower professional categories.
- Non-monetary benefits are tools used increasingly by a a rising number of firms, and in the majority of cases are included in the Flexible Remuneration Plan.
- A growing number of firms are using a Flexible Remuneration Plan as a compensation tool.

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4 The Firm

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