First-Year Associate Salaries at Large Law Firms Have Become Less Homogenous, Though $160,000 Continues to Define the Top of the Market

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The results of NALP's *2015 Associate Salary Survey* show that although first-year associate salaries of $160,000 are still common at large firms of more than 700 lawyers — especially in large markets — the prevalence of $160,000 salaries at these firms as a whole remains below what it was as recently as 2009, accounting for 39% of the salaries reported by firms of this size as of January 1, 2015. Although this is up from the 27% found in the 2014 survey, in 2009 nearly two-thirds of first-year salaries were reported as $160,000, confirming the characterization of 2009 as the high point for large firm salaries. The data suggest that the reason for the lower percentages, however, is not that individual law firm offices are paying first-year associates less than they have in the past. Instead, as more law firms have grown through acquisition and merger, the largest law firms are not as similar to one another as they used to be. In addition to elite global firms, there are many firms with more than 700 lawyers that are made up of many smaller regional offices, many of which don't pay the benchmark first-year salary of $160,000, and, as a result, a larger percentage of large law firm starting salaries fall below that mark. With few exceptions, the $160,000 salary also stands as the high salary paid to first-year associates, as it has since 2007 when some firms first raised salaries from $145,000. The national median first-year associate salary at the largest firms was $145,000 at the beginning of 2015, compared with $135,000 as of April 1, 2014. Since 2008, however, $160,000 has stood as the single most commonly reported salary, with $145,000 generally a distant second.

$160,000 Remains the Single Most Commonly Reported Salary for the Largest Firms in the Largest Markets

As might be expected, in many markets, including Boston, Chicago, Los Angeles, New York, and Washington, DC, first-year salaries of $160,000 are generally still the single most common salary at the largest firms, and, following the national pattern, the prevalence of these salaries increased enough to make them the majority of salaries, although also in line with the national pattern, they are not as widespread as they once were. 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 2015, 55-60% did so. The median in San Francisco for firms of 251 or more lawyers is $160,000, returning the median to a level which was reached only in 2009 prior to this year. Only in New York is the $160,000 starting salary almost universal, with about 85% of firms of more than 250 lawyers paying that amount and about 90% of firms of more than 700 lawyers reporting that as the first-year associate salary.

Overall Median Rises, Reflecting Respondent Pool

NALP's *2015 Associate Salary Survey* reports that the overall national median first-year salary at firms of all sizes was $135,000, compared with $125,000 in 2014. This reflects relatively more $160,000 salaries at large firms, and relatively fewer responses from smaller firms. Medians ranged from $111,250 in firms of 51-100 lawyers to $145,000 in firms of 251-500 and 701+ lawyers. In firms of 501-700 lawyers the median was $125,000, as it has been since 2012. In the largest firms of 701+ lawyers the median of $145,000 was up from $135,000, but it had stood at $160,000 from 2008 to 2011. At mid-sized firms of 251-500 lawyers, the prevalence of $160,000 salaries decreased enough to drop the median from $160,000 in 2014 to $145,000 in 2015. These figures demonstrate that not all large firms pay $160,000 to start, even in major markets, and that not all firms that pay $160,000 to start are the very largest firms.

"As was the case last year, the associate salary picture remains mostly unchanged. The simple story is that $160,000 as a starting salary at large law firms is less prevalent than it was immediately prior to the recession. At large law firms, starting salaries of $145,000 and $135,000, and even $110,000 are common in some markets, though $160,000 is still the dominant or modal salary in large markets," said James Leipold, NALP's Executive Director. "The year 2009 remains the high-water mark for entry-level associate salaries, though we are starting to see some upward movement. $160,000 remains the top of the market, but we are seeing some secondary markets that were at $145,000, for instance, move slowly toward $160,000. I would expect that sort of slow bubble upwards to continue in some markets that are currently below $160,000, but unlike salary patterns prior to the recession, we are not likely to see firms move monolithically on salaries, and I would expect to continue to see more large law firm salary diversity than we typically saw before the recession."

Anticipated Salary for Incoming Associates Will Be $160,000 at Many Large Firms

Information reported by firms concerning their anticipated base pay for incoming class of 2015 associates (lawyers who will start work in fall 2015) suggests that while $160,000 will remain the single most common starting salary in firms of more than 700 lawyers, it will be the starting salary for just over one-third of these firms, resulting in a median of $145,000 for these firms, compared with the $130,000 anticipated salary that was reported last year for the class of 2014. Parallel to the finding for first-year salaries, the prevalence of anticipated salaries at this level also increased. In firms of 251-500 lawyers and 501-700 lawyers, $160,000 is also the single most common salary for incoming class of 2015 associates; the respective medians were $140,000 and $135,000.

Impact of Levels-Based Salaries Apparent in Reported Data

Over the last decade, 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 2015, the median level of compensation within the first level was $145,000 in firms of more than 500 lawyers, and $130,000 overall. The median in the second level of compensation was $185,000 in the largest firms and about $160,000 overall. The respective figures for the third level were $217,500 and $188,000.

Data Represent Broad-Based Reporting

A total of 556 law offices responded to NALP's *2015 Associate Salary Survey*, providing salary information as of January 1, 2015. About 5% of respondents were firms of 50 or fewer lawyers and 52% were firms of more than 500 lawyers. The report thus sheds light on the breadth of salary differentials among law firms of varying sizes and in a wide range of geographic areas nationwide, from the largest metropolitan areas to much smaller cities.

As expected, each year of associate experience brings several thousand dollars in increased compensation: median salaries for eighth-year associates ranged from $127,000 in small firms to $210,000 in firms of more than 700 lawyers, with a median for all reporting firms of $185,000.

Median Base Salaries by Associate Year and Firm Size
(as of April 1, 2015)

	FIRM SIZE — Number of Lawyers						
Associate	50 or Fewer	51-100	101-250	251-500	501-700	701+	All Sizes

Year	Median	# Rept	Median	# Rept	Median	# Rept	Median	# Rept	Median	# Rept	Median	# Rept	Median	# Rept
First	$121,500	16	$111,250	22	$115,000	77	$145,000	77	$125,000	106	$145,000	153	$135,000	451
Second	115,000	14	115,500	19	115,000	71	157,500	64	132,500	102	150,000	140	140,000	410
Third	134,425	14	118,350	22	120,000	76	167,500	66	137,800	101	160,000	141	145,000	420
Fourth	135,875	14	123,550	18	125,000	64	180,000	65	144,650	96	170,000	143	150,000	400
Fifth	144,250	13	129,250	23	134,000	70	187,500	67	150,000	101	180,000	143	158,675	417
Sixth	124,500	14	135,000	19	140,000	70	198,750	67	157,100	104	190,000	141	165,000	415
Seventh	170,000	11	143,100	14	145,500	68	205,000	69	161,250	102	200,000	143	175,000	407
Eighth	126,775	8	145,000	12	147,075	53	188,000	53	172,300	99	210,000	132	185,000	357
Summer Associates ($/week)														
1st year	2,100	10	2,700	7	1,900	55	2,600	60	2,400	73	2,500	117	2,300	322
2nd year	1,900	15	1,950	19	2,025	75	2,700	79	2,400	105	2,600	147	2,450	440
3rd year	2,400	7	—	—	2,500	9	3,100	7	3,075	31	2,500	79	2,600	135

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

Regional and Geographic Differences Apparent

The volume of data reported in this year's survey allowed analyses for 29 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 median salary for first-year associates in firms of more than 700 lawyers was $150,000 in the Northeast, $145,000 in the West, $135,000 in the South, and $110,000 in the Midwest. The highest first-year salary reported was $160,000 in all regions. Outside of the largest markets, salaries of $160,000 in large firms were not typical. The median in Atlanta and Philadelphia was $135,000, and in a number of markets including Minneapolis, St. Louis, Pittsburgh, and Detroit, medians were in the $110,000-115,000 range. 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 $140,000; in metropolitan areas of fewer than 1.5 million, the median was $110,000.

Salaries for Intellectual Property Lawyers

The *2015 Associate Salary Survey* also gathered information on salaries for intellectual property (IP) lawyers. Although this information was more limited, what was reported suggests that firms with IP lawyers pay an entry-level salary of $160,000 more often. For example, among firms of 701+ lawyers with IP lawyers, about 69% reported a first-year salary of $160,000, compared with 39% among firms of this size as a whole. Overall medians are about $65,000-$75,000 higher among senior associates at firms with some IP lawyers compared with firms overall. Not all firms with IP lawyers have a differentiated salary scale for IP lawyers.

To Learn More

The *2015 Associate Salary Survey* report, now available in the NALP bookstore, provides information about associate and summer associate salaries by firm size, region, and metropolitan area population; detailed salary analyses for 29 major markets; analyses of salaries for offices using a levels-based compensation system; base salaries for class of 2015 associates by firm size and city; salaries for intellectual property lawyers, salaries for law clerks and staff attorneys; and more.

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