Lawyers Are Earning $30 Million and Billing Rates are Soaring

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Chris Bryant August 6, 2025

Making it rain.
Source: Bloomberg

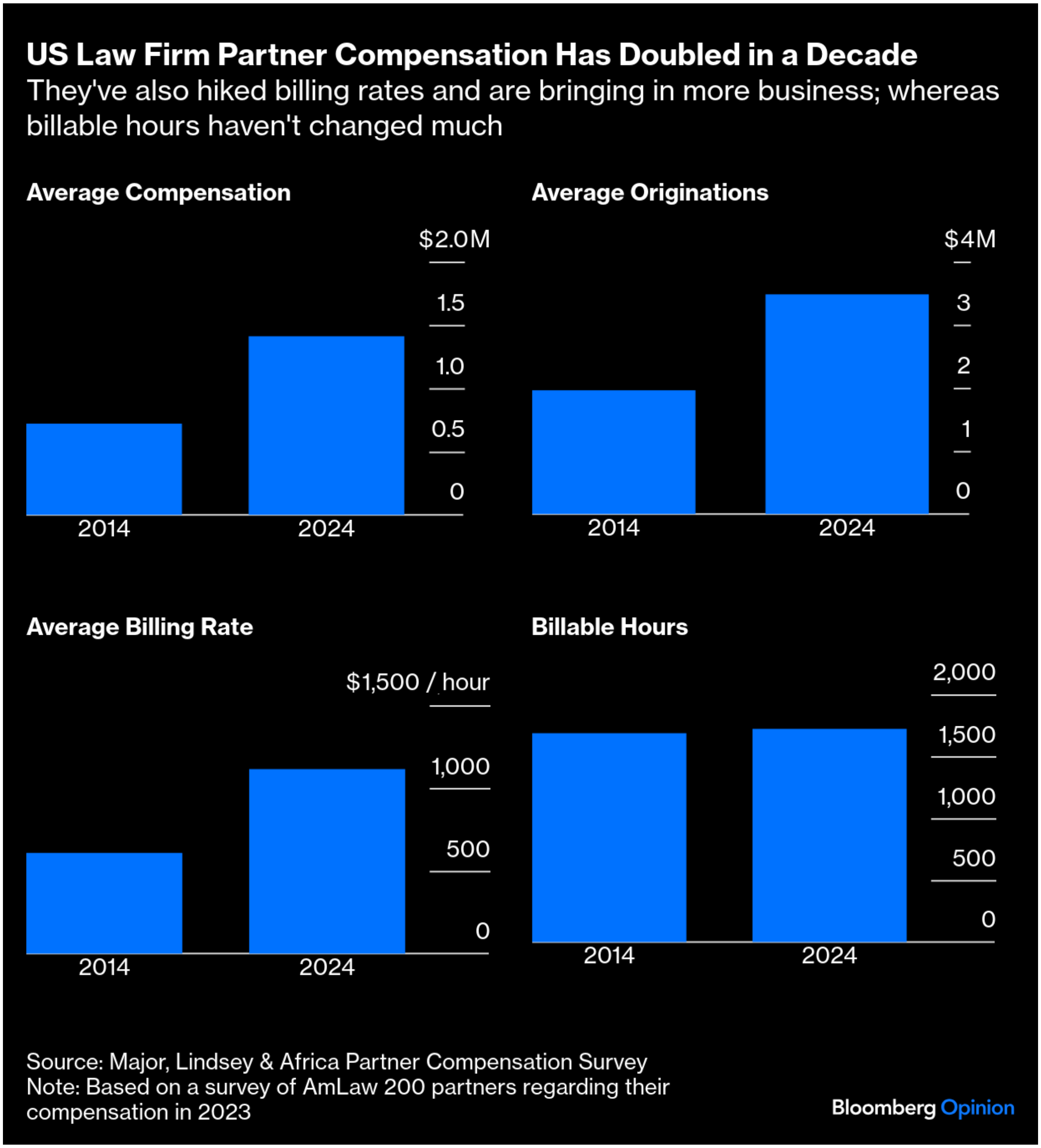
Lawyers have always been well paid, but the riches now available to top performers would make most Premier League soccer players blush, with some legal rainmakers reportedlyearning more than $30 million a year.

While the leading firms are incredibly profitable, I'm not alone in wondering whether the pay boom is sustainable. Skyrocketing compensation risks destabilizing law firms and leaving clients feeling shortchanged, while further undermining the idea of law as a profession rather than a commercial enterprise.

Driven by a Darwinian war for talent, amid a boom in private markets and rising financial and regulatory complexity, corporate law firms are paying more and more to attract star performers and prevent defections.

Even some newly qualified UK lawyersare promised £180,000 ($240,000) a year (they were fortunate to get £100,000 only a few years ago), as elite US partnerships seek to build larger London practices. Local "magic circle" firms have been forced to raise salaries to stay competitive, sparking suggestions that "lawyers are the new bankers." Needless to say, US law firm partners are making many multiples of that, as shown below.

Of course, this is meant to compensate for 12-hour days and heavy workloads that can lead to burnout and hurt family life and friendships; some high-earners even complain the money doesn't go as far as they imagined. (Cue an orchestra of tiny violins...) But the increase in remunerationhas also been fueled by law firms feeling able to charge their clients more, meaning businesses, funds and their investors are the ones footing the bill.



Lawyer compensation once followed a predictable formula: The more senior you were, the more you pocketed. But this so-called lock-step model has fallen out of fashion amid a struggle to retain high performers who bring in high-value M&A, sovereign wealth and private equity fund work.

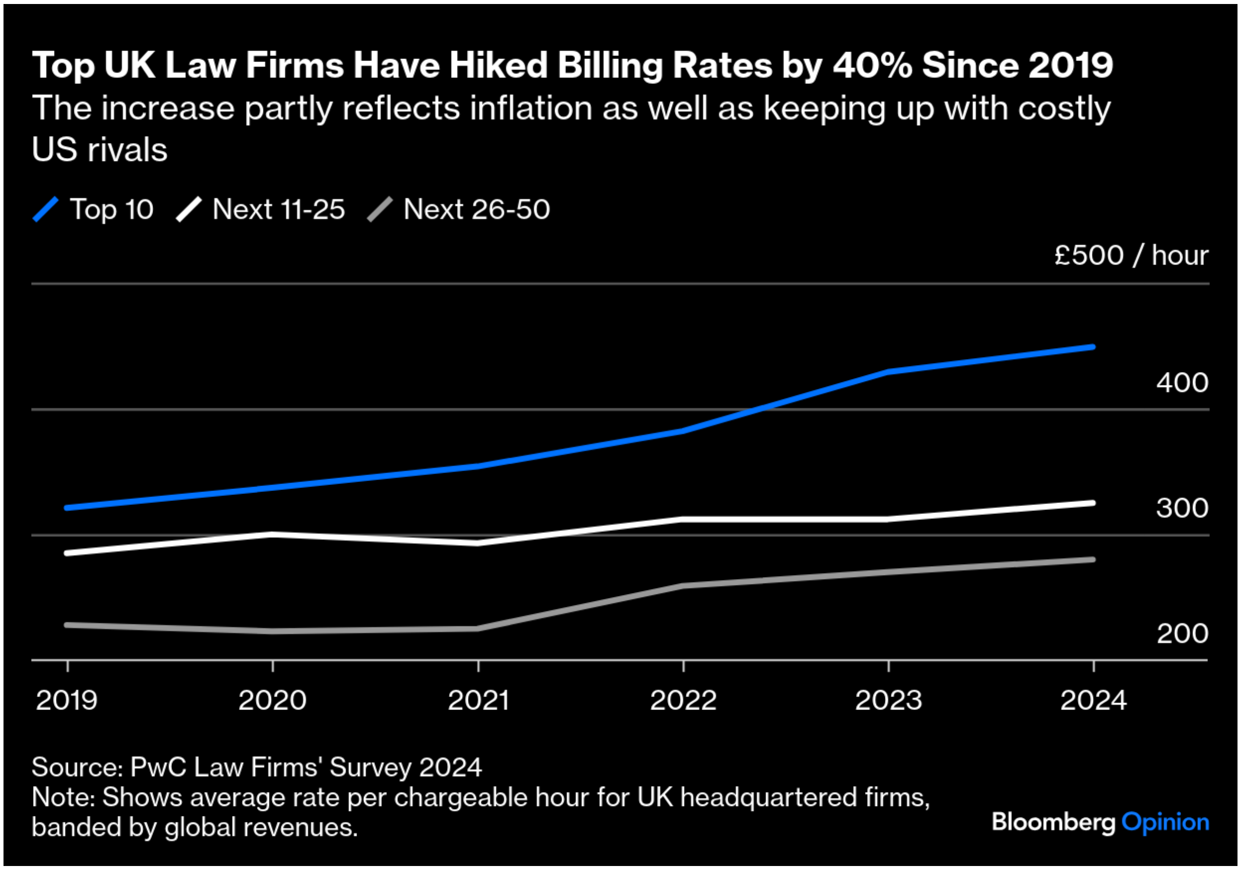
US firms like Kirkland & Ellis LLP are known for placing more weight on generating revenue and paying up for star hires. And as rivals adopted similar practices, the spread between the highest-earning and lowest-earning partner at top firms has ballooned to 12-to-1, according to data collected by the American Lawyer; a decade ago a ratio of around 3-to-1 was the norm. (Kirkland's net income margin was reportedly around 60% last year, while average profits per equity partner rose 16% from the year prior to $9.25 million; the firm has pushed back against the idea it incentivizes individual success over collaboration.)

To avoid diluting partners' profit-share while funding expensive lateral (outside) hires, law firms have created a lower-tier of non-equity partners whose hours can be billed at high rates. Those who do achieve full partner status but fail to earn their keep are "de-equitized," aka bumped down to mere salary status. It all sounds potentially divisive, which might explain why firms such as Paul, Weiss, Rifkind, Wharton & Garrison LLP have adopted so-called black-box compensation systems, preventing partners from knowing what their peers are paid.

Although alternative fee arrangements have emerged, particularly for intellectual property and employment matters, the billable hour — which rewards sheer effort rather than value-creation or efficiency — has remained the gold standard.

That's unfortunate, because average Big Law partner billing rates have increased 83% in the past decade to more than $1,100 per hour, according to legal search firm Major, Lindsey & Africa's (MLA) survey data. Meanwhile, the total workload in terms of billable hours has remained broadly the same in that time period.

A 9% increase in billing rates was the primary contributor to the 13% jump in US law firm revenue last year, according to Wells Fargo & Co.'s legal banking unit. Hourly fees for top US partners reportedly now reach $3,000, while rates for some experienced associates are approaching $2,000.



Clients clearly perceive they're getting value in return, otherwise they wouldn't pay as much. "It's not because pay has gone up that firms are asking for higher rates; it's because the demand is there, and as with other businesses, law firms charge what the market will bear," Owen Burman, a senior consultant at the Wells Fargo legal banking unit, told me. "We're not hearing about a lot of pushback."

Perhaps corporate legal budgets merit more scrutiny. The amounts billed by lower ranked staff will surely become harder to justify in the era of generative AI (although some experts think this technology could enable top lawyers to charge even more). Yet compared to the potential legal liability or scope of a financial transaction, external counsel's fees might seem trivial. After all, top in-house lawyers at firms like Alphabet Inc. and Apple Inc. also earn more than $25 million a year.

It's true that high fees can convey prestige or quality, that clients are risk-averse (aka *"Nobody gets fired for hiring Cravath")*, and that a law firm offering lower prices might inadvertently signal their services aren't worth paying for. Furthermore, the relationship built from working together over time can make clients reluctant to shift to another law firm just to save money.

Still, private equity client relationships tend to be linked to specific lawyers, making them more "portable" than those of large banks or corporates, Scott Gibson, director of legal recruitment consultancy Edwards Gibson, told me.

Hence, these rainmakers can expect to be offered a lot of money to swap firms. [1]A law firm partner's ability to generate new business has become the dominant force shaping their compensation, accounting for almost two-thirds of the variability in their pay, according to the MLA survey.

Law firms announced a record 548 partner hires in London in 2024, almost one-fifth more than the 10-year average; and the first half of this year has seen a further acceleration in recruitment activity.

There's a danger that external hiresand pay disparities erode the collaboration and shared purpose that binds law partnerships, creating a more mercenary and potentially unstable environment. "Too many lateral hires can breed resentment. Super elite firms are probably more vulnerable structurally than any time in their history," Gibson told me. That's becauseif profits were to suddenly drop for some reason, high-earners might swiftly depart for better opportunities elsewhere.[2]

When the Trump administration targeted prominent law firms earlier this year, revoking security clearances and threatening clients with the loss of government contracts, Paul, Weiss was among those that opted to cut a deal; before that,rivals were trying to persuade its clients and attorneys to abandon ship, imperiling the firm's survival, its chairman Brad Karp warned.

As long as the economy keeps chugging along, the lawyer compensation bonanza is likely to continue. But lawyers, their firms and their clients all risk paying a high price.

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