

# EARNINGS OF 40 PER CENT OF PARTNERS IN PORTUGAL INCREASED IN LAST YEAR

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Category: [Archive](#)



## **Survey also shows that half of partners expect their income to grow in 2015, with highest paid respondent earning more than €1m per year**

Four out of ten partners at law firms in Portugal have seen their income increase in the last year, according to new research.

A study conducted by Iberian Lawyer revealed that 41 per cent of law firm partners received an increase in their income in the last 12 months. In addition, a similar proportion of partners now have a bigger income than they did before the onset of the economic crisis – 42 per cent of partners said their income had increased when compared to that before the crisis.

There is also a significant amount of optimism among partners that their income will increase in the coming year. Just under half (49 per cent) said they expected their income to grow in the next 12 months. Of those that expected their income to increase, the biggest proportion (35 per cent) said

they expected their income to increase by more than 10 per cent. A total of 24 per cent of respondents predicted a more modest income increase of 7 to 8 per cent, while a further 24 per cent of respondents said they were expecting a 5 to 6 per cent increase in income.

### **Not back to pre-crisis levels**

However, not all partners have enjoyed recent increases in income. The survey revealed that just under 30 per cent had not received an increase in income for more than two years. The majority of partners (58 per cent) said that their income was not as high as it was prior to the economic crisis, while 51 per cent said they did not expect their income to increase in the coming 12 months. As one respondent remarked: "Anyone who says Portugal is no longer in crisis is a terrible liar."

All the partners that participated in the survey had been a partner for at least six years. The breakdown was as follows: 32 per cent of respondents had been partners for six to 10 years; 19 per cent of respondents had been partners for 11 to 15 years, with 49 per cent of respondents having been partners for more than 15 years.

### **How much do partners in Portugal earn?**

Respondents were not asked to reveal the name or size of the firm they worked for or the practice area in which they worked, but were asked to indicate their salary band. The highest paid respondent, a man, said they earned 'more than €1m' per year. The second highest paid respondent was a woman who said she had an income in the range of €925,000-€950,000. The lowest paid respondent identified themselves as a male who had been a partner for more than 15 years and was earning €75,000-€100,000.

Among respondents who had been a partner for six to ten years, 33 per cent said they earned €125,000 to €200,000, while 25 per cent reported earnings of €200,000 to €250,000. The highest paid partner in this category said their income was in the €800,000 to €825,000 range.

With regard to respondents who had been a partner for 11 to 15 years, two-thirds (66 per cent) said their income was in the range of €225,000 to €300,000. The best remunerated partner in this category said their income was in the €475,000 to €500,000 range.

Among participants in the "partner for more than 15 years" category, 31 per cent said they earned €225,000 to €275,000, with a further 31 per cent saying their income was in the range of €425,000 to €525,000.

The vast majority of participants in the survey (83 per cent) said their remuneration system was effective. However, one respondent remarked that his firm's system needed "more incentives".

Another respondent commented: "The system is effective, but there is still a big gap between the income earned by younger partners and senior partners with a similar value added for the firm."

The survey was conducted in November and December 2014. A total of 84 per cent of the respondents were male, 16 per cent were female.

### **Is there a gender pay gap at Portuguese law firms?**

The second highest paid respondent was a woman earning in the range of €925,000 to €950,000, though this was an anomaly. No other female respondent said they were earning more than €275,000. A total of 66 per cent of female respondents said their income was in the range of €225,000 to €275,000. Meanwhile, 16 per cent of female respondents earned €150,000 to €175,000.

In comparison, the highest paid male respondent said he earned more than €1m per year, with the second highest earning male said their income was in the range of €800,000 to €825,000. A total of 7 per cent of the male respondents said they earned €750,000 to €800,000, while 21 per cent said their earnings were in the range of €475,000 to €525,000. In total, 11 per cent said they earned €350,000 to €450,000, with 14 per cent saying they earned €250,000 to €325,000. Around 25 per cent of male respondents said they earned €175,000 to €250,000. Meanwhile, a total of 17 per cent said their income was in the €75,000 to €150,000 bracket.