

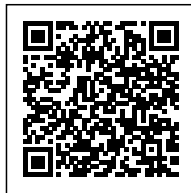
INCOME OF 50% OF PARTNERS IN PORTUGAL WENT UP LAST YEAR

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The income range of the highest paid participants in the remuneration survey by practice area

Administrative and public law	€1.3m-€1.4m
Banking and finance	€350,000-€400,000
Corporate and M&A	€850,000-€900,000
Dispute resolution	€950,000-€1m
Employment	€250,000-€300,000
Intellectual property	€100,000-€150,000
Projects and energy	€450,000-€500,000
Real estate and construction	€200,000-€250,000
TMT	€100,000-€150,000
Tax	€600,000-€650,000

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Confidence building in Portuguese legal sector with more than half of partners in Portugal expecting a further increase in earnings in 2016

Half of the law firm partners in Portugal received an increase in their income in the last year, according to a new remuneration survey conducted by Iberian Lawyer. A total of 47 per cent of respondents said their income was larger than it was 12 months earlier. And the good news for law firm partners in Portugal does not stop there, with 54 per cent of participants in the survey saying they expected their income to increase in 2016.

In a sign that considerable confidence is returning to the legal market, more than a third of law firm partners expect that their income will increase fairly substantially in the next 12 months. A total of 38 per cent of participants in the study said they expected their level of remuneration to rise by nine per cent or more in the coming year.

The best paid participant in the confidential survey – who said their annual income was in the range of €1.3m-€1.4m – said their primary area of practice was “administrative and public law including litigation and arbitration” and that they worked for a law firm that employed fewer than 50 lawyers.

The second highest paid participant in the study – who said they earned in the region of €950,000-€1m per year – identified their primary area of practice as dispute resolution and said they worked for a firm that consisted of 100-200 lawyers. The lowest paid respondent – with earnings of less than €50,000 – identified themselves as working in the area of real estate, construction and planning.

However, not all partners in Portugal are enjoying an increase in income. A total of 40 per cent of participants in the study said their income was the same as it was one year ago, while 13 per cent said their income was smaller than it was at the same point 12 months earlier. In a similar vein, one in four partners in Portugal (24 per cent) said it had been more than two years since they had experienced an increase in their income.

Remuneration systems unfair?

Despite the fact that the income of around half of the partners did not increase in the last 12 months, the vast majority of partners in Portugal seem happy with their firm's procedures for remunerating lawyers. A massive 87 per cent thought their firm's remuneration system was effective, with only 13 per cent not content with the way their firm's method of rewarding lawyers.

The survey suggested that some firms need to alter their processes for compensating lawyers in order to make them fairer. One partner remarked that his firm's remuneration system "should include key performance indicators for partners that positively affected the highest performing partners and negatively affected the non-performing partners". Another partner claimed that his firm's method for financially rewarding lawyers was "not flexible enough to allow younger partners to increase income in proportion to their contribution to the firm's results".

One participant in the survey said that his firm's approach to compensating lawyers meant that partners were not able to devote sufficient time to business development. The respondent said: "The firm's remuneration system requires that partners have the same amount of chargeable hours as juniors, which means that partners do not have time for business development – should they have time, the firm could bill a lot more and then increase all remunerations."

Filipa Mendes Pinto, co-founder of Lisbon recruiter FIND, said increased activity in the areas of corporate and M&A, real estate, tax and arbitration has enabled some lawyers to increase their income. She added that firms that viewed their activities as a business and properly managed their careers and expectations of their lawyers would be well placed to achieve further success: "This includes, most probably, the need to introduce changes in their remuneration policy and procedures, which must be transparent, flexible and effectively rewarding."

Commenting on the finding that more than a third of partners in Portugal expected their income to increase by nine per cent or more, Mendes Pinto indicated that this was perhaps a little over optimistic. "An increase of nine per cent seems too high," she added. Though the highest paid participant in the survey said they earned €1.3m-€1.4m, Mendes Pinto said there were partners in Portugal with bigger incomes. IL