



Financial Planning for New Lawyers: From Student Loans to Salary Expectations

Congratulations—you're about to graduate from law school and enter the legal profession! But before you start dreaming about that first paycheck, let's talk about something they probably didn't cover in Constitutional Law: how to manage your finances as a new lawyer. Between student loan debt that might rival a mortgage and salary expectations that vary wildly across practice areas, financial planning becomes just as important as passing the bar exam.

The truth is, many new lawyers find themselves in a financial paradox. You've invested three years and often six figures into your legal education, but your starting salary might not immediately reflect that investment. Don't panic—with smart planning and realistic expectations, you can navigate this transition successfully and build a solid financial foundation for your legal career.

Face Your Student Loan Reality Head-On

Let's address the elephant in the room: student loan debt. The average law school graduate carries over \$165,000 in educational debt, and pretending it doesn't exist won't make it disappear. Your first step in financial planning is getting a complete picture of what you owe and to whom.

Create a comprehensive list of all your loans, including federal and private loans, interest rates, and repayment terms. Many law students have a mix of undergraduate and law school debt, often with different servicers and terms. Use the National Student Loan Data System (NSLDS) to track federal loans and contact your private loan servicers directly.

Once you know what you're dealing with, explore your repayment options. Federal loans offer several income-driven repayment plans that can significantly reduce your monthly payments based on your income and family size. Income-Based Repayment (IBR), Pay As You Earn (PAYE), and Revised Pay As You Earn (REPAYE) can provide breathing room while you establish your career.

Don't overlook loan forgiveness programs if you're considering public service. The Public Service Loan Forgiveness (PSLF) program can forgive remaining federal loan balances after 120 qualifying payments while working for qualifying employers. Many law school graduates working for government agencies, nonprofits, or legal aid organizations can benefit from this program.



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Set Realistic Salary Expectations

One of the biggest financial planning mistakes new lawyers make is having unrealistic salary expectations based on outlier stories or outdated information. The legal salary landscape is famously bimodal—there's a significant gap between what BigLaw associates earn and what most other new lawyers make.

If you land a position at a large corporate firm, you might start at \$215,000 or more, but these positions are highly competitive and represent a small percentage of available jobs. Most new lawyers start somewhere between \$50,000 and \$80,000, depending on their location, practice area, and type of employer.

Research salary ranges for your specific situation using resources like the National Association for Law Placement (NALP) salary surveys, local bar association salary data, and websites like Glassdoor. Consider factors like geographic location (a \$60,000 salary goes much further in Kansas City than in San Francisco), practice area, and employer type when setting your expectations.

Remember that your starting salary is just that—a starting point. Legal careers often involve significant salary growth over time, especially as you develop expertise and build your reputation. Focus on positions that offer good training, mentorship, and growth opportunities, even if the starting salary isn't ideal.

Create a Survival Budget for Your First Year

Your first year as a lawyer comes with unique financial challenges. You might have expenses related to bar admission, professional clothing, continuing education, and bar association memberships. You're also transitioning from student mode to professional mode, which often means lifestyle adjustments.

Start by creating a bare-bones budget that covers your essential expenses: housing, food, transportation, minimum loan payments, and basic professional expenses. This "survival budget" helps you understand the minimum income you need to function while you establish your career.

Factor in the timing of your first paycheck. If you're starting work in September but don't get paid until the end of the month, you'll need to bridge that gap. Many new lawyers underestimate these transition costs and find themselves scrambling financially in their first few months.

Consider ways to reduce expenses during this transition period. Maybe that means living with roommates longer than you'd prefer, cooking at home more often, or holding off on major purchases until your income stabilizes. These sacrifices are temporary, but they can make a significant difference in your financial stress level.





Build Your Emergency Fund (Yes, Even With Loans)

It might seem counterintuitive to save money while carrying significant debt, but having an emergency fund is crucial for new lawyers. The legal profession can be unpredictable—firms close, funding gets cut, and economic downturns affect hiring. Having a financial cushion protects you from having to make desperate career decisions.

Start small if necessary. Even \$500 can cover unexpected professional expenses or help you avoid credit card debt for minor emergencies. As your income increases, work toward building a fund that covers three to six months of essential expenses.

Keep your emergency fund in a separate, easily accessible savings account. High-yield savings accounts or money market accounts offer better returns than traditional savings while keeping your money liquid.

Understand Your Employee Benefits

Many new lawyers focus solely on salary but overlook the value of employee benefits, which can significantly impact your financial picture. Health insurance, retirement contributions, professional development funding, and other benefits can add substantial value to your compensation package.

If your employer offers a 401(k) match, try to contribute enough to get the full match—it's essentially free money. Even if you can only contribute a small percentage initially, starting early gives compound interest more time to work in your favor. Understand your health insurance options, especially if you're coming off your parents' plan or student insurance. Factor premium costs, deductibles, and coverage networks into your budget planning.

Plan for Professional Expenses

Being a lawyer comes with ongoing professional expenses that other careers don't have. Bar dues, continuing legal education requirements, professional liability insurance, and business development costs are all part of the job. Some employers cover these expenses, but many don't.

Budget for professional clothing that fits your practice area and workplace culture. Court appearances require different attire than corporate offices, and building a professional wardrobe takes time and money.

Consider the costs of maintaining your professional network. This might include bar association events, client entertainment, or conference attendance. While these aren't always required, they're often important for career development.





Think Long-Term

While your immediate focus might be on surviving financially as a new lawyer, don't lose sight of long-term financial goals. The decisions you make in your first few years of practice can significantly impact your financial future.

If possible, avoid lifestyle inflation as your income increases. It's tempting to upgrade your living situation, car, and spending habits with each raise, but maintaining reasonable expenses gives you more flexibility to pay down debt, save for major goals, and weather career changes.

Consider the tax implications of your career choices. Different practice areas and employment structures (employee vs. independent contractor) have different tax considerations that can affect your take-home pay.

Seek Professional Help When Needed

Financial planning as a new lawyer involves unique considerations that general financial advice doesn't always address. Consider working with a financial advisor who understands the legal profession, especially if you have complex debt situations or specific career goals.

Many bar associations offer financial planning resources specifically for lawyers. Take advantage of these programs, which often provide guidance on student loan management, retirement planning, and practice management finances. Remember, financial planning isn't about achieving perfection immediately—it's about making informed decisions that support your long-term success. Your legal career is a marathon, not a sprint, and smart financial planning helps ensure you can sustain and enjoy the journey.

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