

# LAW FIRM BENEFITS

## NATIONAL EXPANSION

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**At one time, the rule in law firm benefits packages seemed to be ‘the bigger the firm, the bigger the perks’.**

But as the labor market for lawyers has tightened and firms need to do more to attract top talent, even midsize and smaller firms have had to up the ante in the benefits portion of overall lawyer compensation. Newly minted lawyers no longer want ‘just’ a big salary. We will take a look at what they are demanding—and what law firms are offering in the benefits department.

## Keeping Lawyers Healthy

Lawyer compensation is no longer just about salary, and it is important for both the associate—and the firm’s HR department—to know just what is being offered in the marketplace these days. To begin with, given the extremely high cost of healthcare coverage, health insurance benefits, of course, top the list. In fact, health insurance is so important and common that it is considered the very cornerstone of a benefits package for both professionals and non-professionals alike. But within the heading of ‘health insurance’, there are several variations, and the different options can cost a firm more or less depending on the package.

Larger law firms may offer several alternate coverage plans from more than one insurer, while smaller firms typically offer one or two options. Healthcare plans can include an HMO, PPO, or a Point-of-Service plan. HMOs are the more restrictive type of healthcare benefit, requiring the beneficiary to choose a primary care physician from an approved list, and the choice of specialists is likewise limited. PPOs offer the employee more freedom as to the selection of physicians, and primary care doctor referrals for specialists are generally not required. For firms looking to offer

healthcare coverage and, at the same time, reduce employee benefit expense for this perk, the HMO will come in significantly cheaper.

## HDHP and HSA Plans

High-deductible health plans (HDHPs) are based on deductible minimums, out-of-pocket maximums, and other coverage restrictions. Employees enrolled in a qualifying HDHP plan may have access to a health savings account (HSA). In that scenario, the lawyer makes pretax contributions to the HSA via salary deferrals, and the firm contributes as well. When HSA funds are used for qualified medical expenses, the distributions are not taxed; however, distributions for non-qualified expenses are taxable as income plus a 20 percent penalty. Because HSA dollars do not have to be used by year-end, a substantial “health care fund” can be built up over the years, and HSA funds can even be invested. The kicker is, that the IRS limits an individual’s contribution to an HSA (for 2023) to \$3,850 and for a family up to \$7,750, with those limitations applying to contributions from all sources, i.e., both the layer and the firm.

## Life and Disability Insurance

It is expected that the firm will provide for some level of basic life insurance coverage, with a death benefit amount of one times salary

## Executive Summary

### > The Issue:

When should a firm consider offering benefit packages, and what should those packages consist of?

### > The Gravamen:

In today’s fiercely competitive market for top-quality legal talent, firms must put together benefit packages that address the expectations of that talent.

### > The Path Forward:

Once a lawyer has been hired by the firm and proven himself or herself, retaining that talent will also require the extending of benefits packages that send the right signal to the now in-demand lawyer.

being common and, for a more attractive package, a higher ratio being employed. The cost of the first \$50,000 of firm-paid coverage is not taxable to the employee; however, the cost of employer-paid coverage over \$50,000 is deemed to be a taxable benefit added to the lawyer's W-2. Is it necessary to offer this benefit to all new associates? Perhaps a young, single associate will be willing to forego this perk if he or she does not have a dependent who might be harmed financially in the event the associate passes away.

Disability insurance, on the other hand, is considered important even by younger lawyers, and the firm should be prepared to provide this benefit to all. Be aware that the variations in cost to the firm will depend upon such features as the projected monthly benefit and how that benefit is calculated, the definition of disability used, the waiting period before benefits can be disbursed, the total or maximum benefit period, as well as other factors.

## Retirement Plans

Being an associate fresh out of law school, your firm may consider a retirement plan benefit as the least important to your new hire. However, statistically, even for a 25-year-old, having this perk included ranks high on the list of requested benefits and therefore will be an essential part of the benefits basket for attracting in-demand legal talent. As with insurance policies, retirement plan features—and costs—can vary significantly, however, the 402(k) plan remains one of the most popular due to its low cost, and ease of setup and administration.

Furthermore, firms that offer a 401(k) plan to their employees may qualify for tax incentives.

In some cases, a Pooled Employer Plan (PEP) relieves the firm of some of the administrative burdens of administering a retirement plan, as well as reducing fiduciary risk, and is therefore of increasing interest to law firms of all sizes.

## Other Gifts in the Basket

Many midsize to large law firms will include out-of-state moving expenses (up to a limit of \$2,000, for example) as a reasonable perk to offer the lawyer being courted. In addition, such expenses as bar review preparation and the cost of taking the bar exam (for those being interviewed in their third year of law school) are typically Big Law firm benefits that are offered. Along the same vein are reimbursements for CLE and license renewal and dues for membership in the lawyer's national, state, and local bar associations.

For a lawyer with a growing family, he or she might be eligible for parental leave time—usually requiring at least one full year of employment—to care for a newly born, adopted, or foster child.

## Standing Out from the Competition

Today, most legal professionals won't even consider accepting a position with a firm unless it comes with an excellent benefits package. The firm that wishes to gain an edge over competing firms vying for top talent must enhance not only initial

## Action

- 1 Know the Options:** In the realm of both healthcare plans and retirement plans, a variety of options exist—some more costly than others—and your HR department would do well to work with a benefits specialist to determine which options are best for your firm.
- 2 Employee Circumstances:** When offering a benefits package to a new hire, consider the current status of the employee in terms of age, marital status, and other factors that pertain to this particular candidate rather than offering a 'one size fits all' perk package.
- 3 IRS As a Guide:** The rules as to employer contribution limits, and deductibility of various expenses is constantly changing, and the firm must be knowledgeable of these changes in order to maximize the corresponding benefit to the firm.
- 4 Consider the 'Extras':** Aside from the more traditional benefit package contents, be creative in considering what sort of 'extras' can be offered that will make your firm more attractive than the competition.

attraction to the firm but also—and perhaps most importantly— talent retention. By offering incentives that consist of performance rewards, bonuses, and discretionary payments, your firm can show that the efforts of the associate who has burned the midnight candle to increase your firm's bottom line are truly appreciated.

**“MIDSIZE U.S. LAW FIRMS ARE FACING RECRUITING PRESSURE IN A TIGHT LABOR MARKET, COMPELLING SOME TO RAISE EARLY CAREER ATTORNEYS' SALARIES AND OFFER OTHER PERKS. THESE FIRMS, WHICH TYPICALLY HAVE 25 TO 200 LAWYERS AND OFTEN OPERATE REGIONALLY, ARE EXTENDING BENEFITS SUCH AS PAID SABBATICALS AND LAW SCHOOL LOAN REPAYMENT.”**

—CHINEKWU OSAKWE, THOMSON  
REUTERS LEGAL WRITER WHO COVERS  
MIDSIZE LAW FIRM NEWS



## Further Reading

1. <https://www.attorneyatwork.com/employee-perks-law-firm-benefits/>
2. <https://mcca.com/mcca-article/perks-benefits-to-retain-top-performers/>
3. <https://lawyerist.com/hiring-staffing/compensation/>
4. <https://www.reuters.com/legal/legalindustry/midsize-us-law-firms-roll-out-raises-perks-recruit-attorneys-talent-war-2021-12-27/>
5. <https://www.lawyers.com/legal-info/employee-benefits/employee-benefits-basics/top-five-benefits-to-look-for-in-a-salaried-job.html>







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After receiving his Juris Doctor degree from The John Marshall Law School in Chicago, Mr. Brochin served as an Administrative Law Judge with the Illinois Department of Labor for six years where he presided over cases dealing with job separation issues and matters pertaining to contested Unemployment Insurance claims. He also co-wrote the agency's administrative rules, and periodically served as a 'ghost writer' for Board of Review decisions.

Following that position, he was Director of Development for a Chicago-area non-profit college where he was responsible for High Net Worth donations to the institution. For the next eighteen years he practiced as a solo practitioner attorney with an emphasis in the fields of Real Estate law and Commercial Contracts transactions, and was an agent for several national title insurance agencies.

In 2003 he was recruited to head up a U.S. title insurance research office in Israel, a position he held for four years, and between 2007-2017 he participated in litigation support for several high-profile cases. He has taught Business Law as a faculty member of the Jerusalem College of Technology, and has authored a wide variety of legal White Papers and timely legal articles as a professional legal content writer for GPL clients. Separate from his legal writing, he has co-authored academic articles on Middle East security topics that have been published in peer-reviewed publications.



### **William H. Anderson, Esq.**

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William Anderson is Managing Director and Head of Law & Compliance. He leads the GreenPoint practice in providing regulatory, legal, and technology solutions to law firms, legal publishers, and in-house law departments around the world, overseeing our team of experienced US attorneys and data and technology experts. Will has over 25 years' experience working with corporations to improve the management of their legal and corporate compliance functions. Will began his legal career as a litigator with a predecessor firm to Drinker, Biddle LLP. He then served as in-house counsel to Andersen Consulting LLP, managing risk and working with outside counsel on active litigation involving the firm.

Will has leveraged his legal experience interpreting regulations and appearing before federal (DOJ, SEC, FTC) and state agencies (NYAG) to oversee research and other areas at Bear Stearns. In this capacity, he counseled analysts on regulatory risk and evolving compliance requirements. Will also consulted on the development of a proprietary tool to ensure effective documentation of compliance clearance of research reports. Will then went on to work in product development and content creation for a global online compliance development firm pioneering the dynamic updating of regulated firms' policies and procedures from online updates and resources. Will holds a Juris Doctorate with High Honors from the Washington University School of Law in Saint Louis and is admitted to state and federal bars. He lives in Pawling, NY, with his wife and daughter.



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## About GreenPoint Executive Search and Recruiting

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- By virtue of our unique methods and a proven history of providing top-tier legal services to our clients, the GPESR team is capable of supporting a diverse client base both in the US and globally. From solo practitioners to AmLaw 100 firms, legal publishers, Fortune 1000 companies, and in-house law departments, our team offers legal staffing solutions to suit any business needs. GPESR provides skilled attorneys in either permanent placements or temporary contracts through a selective recruiting process. Adherence to quality, value, and flexibility are hallmarks of our offerings.
- Ensuring privacy and security of client data is a critical component of our business. GreenPoint has instituted rigorous physical, administrative, and technical safeguards to protect the integrity, security, and privacy of client data, all of which comply with the most stringent US and global standards and regulations.

## About GreenPoint Law & Compliance

- GreenPoint Global was founded in 2001 and since that time has faithfully served an expanding roster of clients. GreenPoint leverages a unique combination of US-trained attorneys and proprietary technology to deliver a unique offering of skill and flexibility to meet client needs.
- Our core team of experienced US attorneys is based in Israel and works US hours. The breadth of experience of our attorneys ensures high-quality, cost-effective results across a wide range of legal, compliance, and regulatory matters.
- GreenPoint's methodology and proven track record of achieving client objectives has resulted in a broad base of clients in the United States, ranging from Fortune 500 insurance companies to solo practitioners, law firms, in-house law departments, and legal publishers. GreenPoint attorneys are selectively recruited and deployed based on possessing demonstrable subject matter expertise covering a broad spectrum of substantive US laws and regulations. The work product of our attorneys is thoroughly vetted internally before delivery to client. Adherence to quality, value and flexibility is at the core of our foundation.

