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## Latin Lawyer's Associate Salary Survey

Joe Rowley 24 August 2017

Managing partners across Latin America are fond of describing legal talent as their most valuable asset, but determining what this talent is worth is far trickier. Latin Lawyer's second Associate Salary Survey reveals that despite firms paying their associates many multiples of their country's average monthly salary, there is striking variation in the structure and generosity of these pay packets.



Whether it's the partner-level annual salaries and 100% performance-related bonuses pocketed by associates at one local Mexican firm, or the personal snack budget, health insurance, generous time off and flexitime received by associates at one Colombia outfit, it is clear law firms

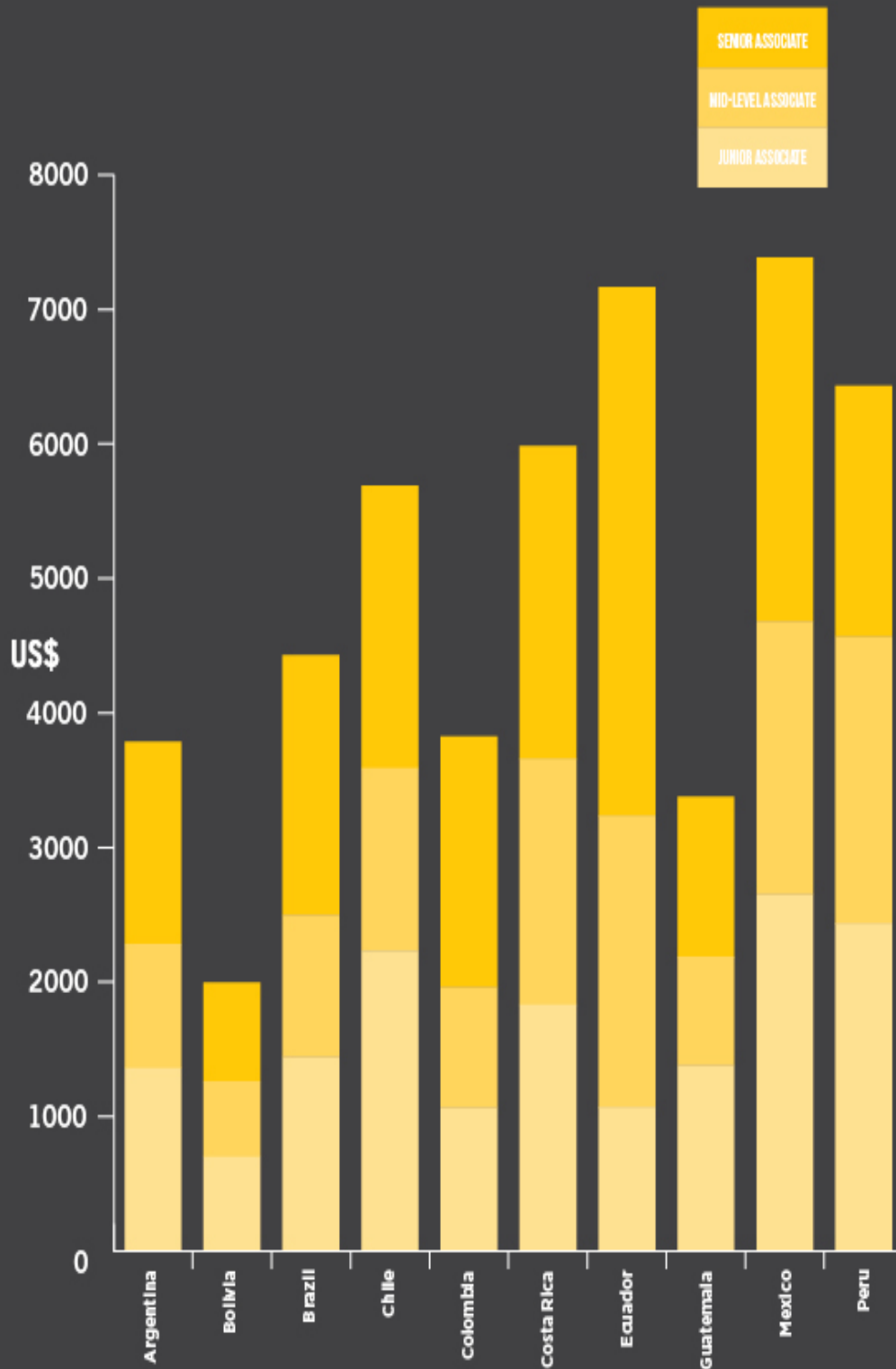
across Latin America will go to great lengths to attract and retain the best talent. However, while the business rationale of offering associates a competitive remuneration package may be shared by firms across the region, striking variation exists in the structure and generosity of associate pay, not only between firms in different jurisdictions, but also between outfits in the same legal market.

Clearly, broad political, economic and market factors play a crucial role in determining what managing partners can afford to pay their associates. But our research also reveals that non-commercial considerations, such as law firm culture, professional development and work-life balance, also play a significant role in determining the size of an associate's final salary and how it is paid. "There is a whole Chinese menu of different formulas and structures that law firms use," says Fernando Peláez-Pier, a special adviser at law firm consultancy FPelaez Consulting. "These have to take into account things like the scope of regulation between clients and firms, the pressure on firms in terms of price and the fact that the younger generation have a different view and different expectations. If the leaders of the business are not convinced and stick to the old models, it will be very difficult for the young associates to accomplish their goals and receive recognition for their work."

**So, what am I worth?**

While Latin America's law firms may have considerable leeway in determining the salaries they pay their associates, our data indicates that macroeconomic conditions within each country also exert a strong influence on the average salary at each of the three associate levels considered. Among the highest earners are associates in Mexico, Chile, Peru and Costa Rica, who earn average monthly salaries up to four times higher than their counterparts elsewhere in the region. Of these countries, lawyers in Mexico are the best remunerated overall; pulling in the highest monthly salaries in each of the three associate classes. (Figure 1).

Figure 1: Average starting monthly salary of associates



At the junior level, Mexican attorneys earn an average monthly salary of US\$2,652; just ahead of their counterparts in Peru on US\$2,433 and Chile on US\$2,230. The pattern is repeated among mid-level associates, with Mexican lawyers pulling in an average salary of US\$4,680 each month; slightly higher than their peers in Peru on US\$4,567, but over 25% more than the US\$3,658 earned by associates in Costa Rica in third position. However, it is at the senior level that the salaries of Mexican associates really take off. At this stage in their careers, attorneys can expect to earn average monthly wage of US\$7,386; almost 15% higher than Peruvian lawyers at a similar level, who can expect to take home US\$6,433, and over US\$1,500 more than practitioners in Costa Rica, who earn an average of US\$5,983 each month (Table 1).

**Table 1: Average monthly starting salary of associates in local currency and US dollars**

COUNTRY	CURRENCY	JUNIOR ASSOCIATE	MID-LEVEL ASSOCIATE	SENIOR ASSOCIATE
ARGENTINA	PESO	21,957	36,827	61,086
	US\$	1,369	2,281	3,784
BOLIVIA	BOLIVIANO	4,800	8,750	13,846
	US\$	700	1,280	1,994
BRAZIL	REAL	4,794	8,312	14,740
	US\$	1,441	2,498	4,430
CHILE	PESO	1,480,000	2,381,500	3,775,750
	US\$	2,230	3,588	5,688
COLOMBIA	PESO	3,231,750	5,941,000	11,586,500
	US\$	1,066	1,960	3,824
COSTA RICA	COLÓN	1,041,066	2,083,172	3,408,722
	US\$	1,829	3,658	5,983
ECUADOR	—	—	—	—
	US\$	1,067	2,167	3,933
GUATEMALA	QUETZAL	10,114	18,051	24,789
	US\$	1,378	2,186	3,376
MEXICO	PESO	47,723	84,223	132,907
	US\$	2,652	4,680	7,386
PERU	SOL	7,957	14,937	21,040
	US\$	2,433	4,567	6,433

Supply and demand go some way to explaining the relative difference between countries. In Mexico, the country's long-standing participation in the North American Free Trade Agreement, coupled with sweeping reforms to the energy and telecoms sector, has helped make the country an attractive destination for foreign direct investment and driven up demand for legal services. Similarly, the election of a succession of business-friendly governments of various shades in Chile, Peru and Costa Rica, has encouraged foreign companies to put down roots and helped domestic companies to flourish over the past few years in those countries. Although slower regional growth and low commodity prices have put a drag on demand over the past couple of years, our data shows that the majority of associates in those markets continue to receive above-inflation pay rises. Overall, 61% of our respondents increased associate salaries above inflation last year (Figure 2); a 10% drop since our previous survey in 2015. "Until this year, our salaries increased, in general, more than 6%, but this year growth has been between one and two basis points lower," says Andrés Silva, partner at Chilean firm Larrain y Asociados. "In the past, mining companies pushed the increment of salaries nationally, due to the high price of copper, but now copper prices and economic activity are lower, and this has limited salary increases."

FIGURE 2: ASSOCIATES THAT RECEIVED AN ABOVE-INFLATION PAY RISE LAST YEAR



At the other end of the scale, associates earning the lowest monthly salaries are

overwhelmingly concentrated in Latin America's smallest or least-diversified economies. Earning the lowest monthly salary in each of the three levels are Bolivian associates, whose average monthly salary is around one-third of Mexican earnings. Associates from Guatemala and Ecuador are also among the lowest earners. "We have great schools in every country here in Central America, so being a good lawyer is a given, especially for the type of work that handled by associates," explains one partner at a regional firm in Central America. "Especially in markets like Honduras, El Salvador and Nicaragua, if an associate or a group of associates leave, it is easy to find a substitute - as long as you still have a good senior partner to generate the work. You worry about losing your rainmakers, but lower level associates are dispensable."



Alfonso Montoya, Alonso Indacochea, Andrés Silva and Bruno Prata

Neither are these wage differences confined to lawyers in different jurisdictions. Even within the same legal market huge variations can exist in the salaries earned by associates at the same level. In Brazil, lawyers at top-paying firms earn three times more than their peers at each associate level. For Mariana Dardengo, principal consultant for Brazil at recruiter Legalis, such variations can be partly explained by the different dynamics in Brazil's local legal markets. "In most of the big cities and principal capitals, salaries wildly vary," she notes. "For example, São Paulo is the city with the highest compensation and salaries of the country, and will offer better packages than a firm in, for instance, Rio de Janeiro. This difference comes in part from the firms, but also from the clients." Similarly in Ecuador, for example, junior associates at some firms can earn two-thirds more than their peers at other firms; rising to three times more at mid-level and up to five times more at senior levels.



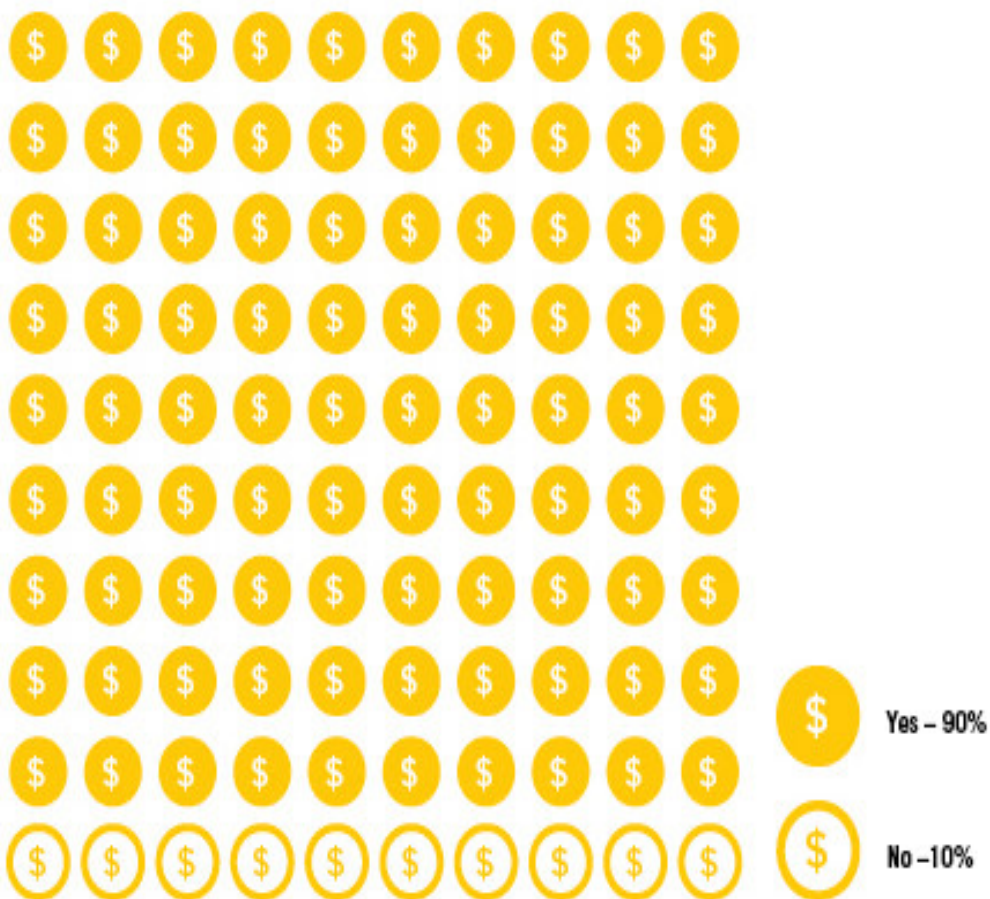
The presence of international firms can also increase the gaps between the highest- and lowest-earning associates. In Mexico, the number of international firms with foreign offices has increased by 60% over the past seven years, according to data collected in *Latin Lawyer 250*. Of the top four highest-paying Mexican firms to respond to our survey, three (including the highest paying) were internationals. Rather than local market rates, many of these firms pay their associates at levels that are closer aligned to salaries and the particular dynamics in their home jurisdictions. "In the US, firms generally pay associates very well with the idea that they will lose money in the first few years and make money in the later years," explains Barrett Avigdor, managing director for Latin America at legal recruiter Major, Lindsey & Africa. "In Latin America, they pay their associates far less, particularly in the first eight to 10 years."

## **Pro bonus**

Salary figures may be useful for comparing earnings between lawyers in different markets, but the reality for most associates is that the figures only represent a proportion of their earnings. Often a host of financial incentives, such as performance-related bonuses, client-generation fees or profit-sharing schemes, means their take-home pay is higher - sometimes substantially so -

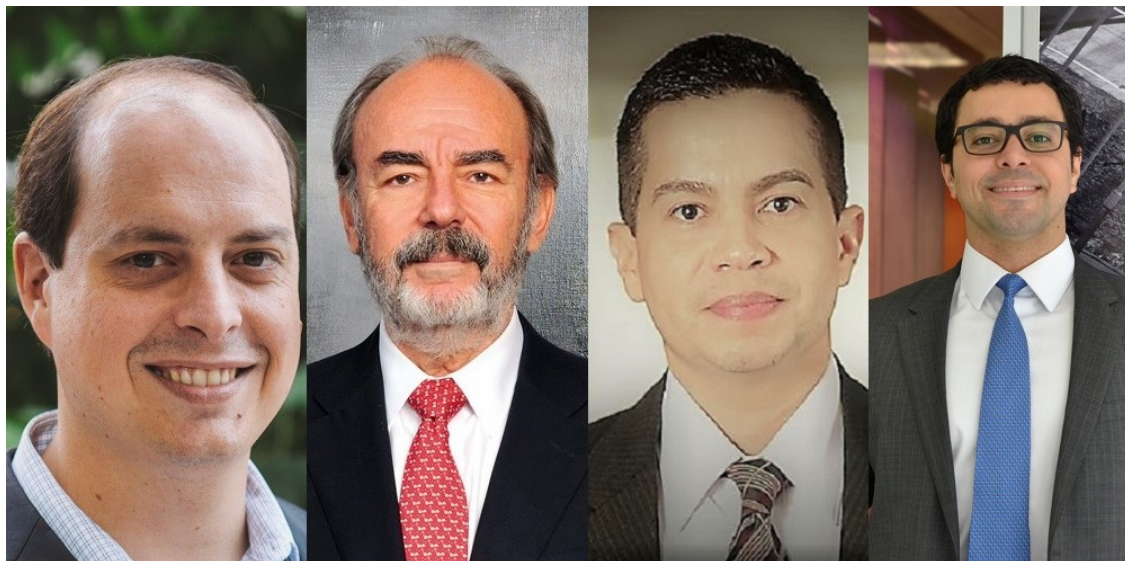
than the salary printed on their pay slip. In total, 90% of respondents to the survey said they pay their associates some form of bonus each year (Figure 3).

**FIGURE 3: DOES YOUR FIRM OFFER A BONUS?**



Bonuses may be near ubiquitous within the pay packets of Latin America's associates, but the size of these can, again, vary significantly between firms in jurisdictions and even within the same legal market. In Argentina, for example, all respondents except one said they paid their associates an annual bonus based on performance, with virtually all paying one to three monthly salaries. Only one firm

offered more than this; paying up to four monthly salaries and five in "very exceptional cases". For some, Argentina's ongoing bout of double-digit inflation, which reached over 30% last year, has only served to make bonuses a more important tool in motivating associates. "Salaries are already reviewed twice a year because of inflation and then we give bonuses at the end of every calendar year, which are aimed at rewarding work done throughout the year," explains Marval, O'Farrell & Mairal partner Sebastián Iribarne. "When we give an increase in a salary, we want to make sure that people deserve what they are getting, rather than it being an adjustment for inflation, because it doesn't motivate and then people start to expect it."



Felipe Lavin, Fernando Paláez-Pier, Freddy Zometa and Guilherme Nicolau

Discretionary bonuses can also help cushion the firm's bottom line during periods of low deal flow. "We have certain investors that are saying they are looking at Argentina, but they want to see the October legislative elections result, and then Macri's chances for 2019," says

Abeledo Gottheil Abogados partner Pablo Pinnel. "If a firm does not have substantial new business, salaries are normally adjusted following inflation or even less."

Bonuses also serve a more practical purpose in Venezuela. To help combat the effects of the country's tanking economy, which saw consumer price inflation reach 800% and GDP contract by 18% last year, several firms are increasingly using their bonus payments (which are often paid in US dollars) to help stabilise their associates' salaries. One firm, for example, now pays a monthly bonus to its mid-level and junior associates worth US\$200 and US\$150 respectively. Another says it pays up to nine months' salary as a dollar-denominated bonus based on its associates meeting specific billing, performance and marketing targets. To ensure that its associates receive the full amount of their bonus, Norton Rose Fulbright recently altered when and how it is calculated. "We used to pay those bonuses based on prior year compensation because it related to the prior year's performance, but we have now decided to pay at the current salary rate," says partner Carlos Fernández. "Associates don't look at their bolivar salary in terms of purchasing, but the value in hard currency."



Jaime Fernandez Madero, Juan José Cardenas, Luiz Guilherme Migliora and Marcelo den Toom

Local employment and tax obligations can also determine whether a firm pays part of its associates' salaries as a bonus, and even when and how it is paid. Ecuador's strict labour laws limit all public and private employees to an eight-hour working day and limit overtime to a maximum of 12 hours per week. For many firms, such restrictions mean they want to ensure their associates are well remunerated and sufficiently empowered to manage their own workloads; particularly during busy periods at the firm. However, Romero Arteta Ponce Abogados partner Amparo Romero, explains that even paying associates a bonus can be problematic. "Here in Ecuador, it is a little bit risky if you pay a bonus to associates every month because it becomes part of their salary," she explains, adding this obligates the firm to provide hefty additional social security contributions. "That is why we decided not to have scheduled bonus payments. Now it can be paid every three months, six months, or every year - we decide."

Tax considerations have helped shape how associates at some firms in Brazil are paid. Several have adopted an alternative payment model that treats associates as partners at the firm; granting them dividends based on the firm's revenues, which are then topped up with discretionary bonuses. Only one firm declared that it employed its associates on traditional CLT contracts, which requires it to guarantee a host of employee benefits, including 30 days' holiday per year, an additional monthly salary per month and even transportation and meals. "Most Brazilian associates are included in the social contract of the firm, which means they are not employees in the classical sense of the word" explains Dardengo. "Because of this tradition, they already know that legal labour guarantees are not included in the package [so] associates in Brazil have high expectations when it comes to bonuses."

## **Cultural costs**

The expectation among associates in Brazil that a bonus be included in their remuneration is also reflected by our results, with more than 80% of respondents saying they include a bonus within their associates' salaries. Several firms also said they designed their schemes to enhance the ability of the firm to retain young lawyers or boost motivation or productivity. Levy & Salomão Advogados, for example, recently split its single annual bonus into two payments made twice a year, so associates "can feel the



results more immediately" and are "more incentivised to raise their skills," explains partner Eduardo Salomão.

Similarly, Veirano Advogados (/ll250/firms/1134207/veirano-advogados) also overhauled its associate pay three years ago; shifting from an eat-what-you-kill model that saw associate bonuses calculated as a percentage of the total billable amount, to one based on the billable hours worked by an associate above a certain threshold. "Now, there are very few cases of variance between associates," explains partner Luiz Guilherme Migliora, who notes that under the previous system, an associate "working on a project paid in foreign currency at a favourable exchange rate" could earn much more than their peers. In a similar vein, KLA - Koury Lopes Advogados (/ll250/firms/1132554/kla-koury-lopes-advogados) created a tapered remuneration structure that sees its associates receive a direct percentage of their billable hours. "The initial idea was that we wanted our attorneys to have an entrepreneurial spirit," explains managing director Bruno Prata. "Under the system, they have an incentive to get involved in the work, develop relationships with clients and it creates an incentive to get off their seat and generate work, since their compensation is tied to the work they do from month to month."



Mariana Dardengo, Mary Fernandez and Nicole Nehme

By contrast, Lexincorp regional director Eduardo Paiz says that creating a non-discretionary bonus structure covering its offices across Central America would prove too restrictive given the fluctuations in deal flow and lower average fees in smaller or less legal markets. "Our associates receive bonuses based on monetary production rather than hourly work," he explains. "Having a system of fixed overheads based on merit or based on hourly work is highly inefficient or unsustainable for law firms like ours." Although less common than in Brazil, a clutch of firms in Latin America's smaller markets have also taken steps to align their associates' individual interests with the broader objectives of the firm by linking performance to remuneration. Among these is Dominican firm Headrick Rizik Alvarez & Fernández ([/ll250/firms/1135225/headrick-rizik-alvarez-fernández](#)), which has made mid-level and senior associate salaries "heavily dependent on productivity" and backed by an evaluation system that is "not discretionary, but purely



mathematical", explains partner Jaime Senior. Another is Bolivia's Indacochea & Asociados ([/ll250/firms/1132446/indacochea-asociados](http://ll250/firms/1132446/indacochea-asociados)), which also includes a variable component alongside a fixed salary within its associate pay packets. The firm pays its junior lawyers a bonus for every additional billable hour above their monthly target and a commission of the billable hours of any new client they bring to the firm. "In the last few years, we have seen a few lawyers come to us asking for a pay rise, but our response is always 'you are in charge of your own salary' and 'you are responsible for your own raise by billing more hours'," notes partner Alonso Indacochea. "What we have also seen is that clients are requesting a faster legal response, lower prices and more legal counselling.... That is why the variable salary is so important from a managing partner's point of view, because it encourages them to work harder, faster and bill more hours."

Beside financial considerations, cultural objectives have inclined some firms towards one associate salary structure over another. Regional firm Ferrere, for example, pays its associates two bonuses each year based on evaluations designed to encourage skill sets and behaviours highly valued by the firm, namely professional service, teamwork, business acumen and leadership skills, explains Carlos Pinto, managing partner in the Bolivia office. In a similar vein, Ecuador's Pérez Bustamante & Ponce also designed its associate salary system with the aim of helping its lawyers develop specific skills at different points in their

careers by gradually increasing the proportion of performance-related pay within their final salaries. "By the time they reach the senior associate category, when they usually have more than six years' experience, their compensation is almost entirely performance driven," explains partner Diego Pérez Ordóñez. "The fixed salary is a lesser part of their income because at that level we expect senior associates to be serious performers and have high performance and high specialisation standards."

A small number of firms have even forgone higher revenues in the pursuit of creating a particular working environment. In a bid to encourage an inclusive, collegiate working style among its associates, Chilean firm [FerradaNehme](/ll250/firms/1131683/ferradanehme) has a salary policy that is public and non-discriminatory: the firm pays the same salary to all lawyers at the same level and, pays all associates of the firm the same bonus each year. Co-founding partner Nicole Nehme explains that although this means associates at the firm may ultimately earn less than other firms in the market, [FerradaNehme](/ll250/firms/1131683/ferradanehme) seeks to make up for it by offering better non-monetary benefits, such as a healthier work-life balance or flexible working policies. "We don't engage in a race to pay the best salaries in the market, even though we consider our salaries to be more than reasonable, so this works like natural selection, because it attracts the people that put a lot of importance on the same values we have," she explains. "Inclusion,

cooperation and flexible working are three of the main pillars of the firm, so the fact that the salary is the same and not based on the hours you work, helps us develop the office in the way that we want."



Carlos Pinto, Diego Pérez Ordoñez, Eduardo Paiz and Eduardo Soares

Overall, 10% of firms across the region do not pay bonuses to associates, although substantial variation exists between different jurisdictions. Based on our results, Peruvian firms are the least likely to pay their associates a bonus. Among them is Rebaza, Alcázar & De Las Casas (</II250/firms/1130813/rebaza-alcázar-de-las-casas>) recently sought to simplify its own associate remuneration system by eliminating the bonus component and increasing the pay bands at each associate level. "We were evaluating two things at the same time - individual performance and the bonus," explains partner Juan José Cárdenas, although he adds that market dynamics also contributed to the firm's decision to scrap the bonus for associates. "One of the

biggest issues in the Peruvian legal market is competition for talent, so we have sought to retain associates by offering a higher salary within a compensation package that also includes a career path, internal and external training and certain ancillary benefits." Some firms avoid bonus payments altogether. Overall, 10% of firms across the region do not pay bonuses to associates, although substantial variation exists between different jurisdictions. Based on our results, Peruvian firms are the least likely to pay their associates a bonus. [Rodrigo, Elías & Medrano Abogados \(/II250/firms/1132742/rodrigo-elías-medrano-abogados\)](#), for example, has a lockstep system that groups its associates into bands that allow those at the top of each band earning 8 to 10% more than associates at the bottom. "Associates have an incentive to be in the upper part of the band, but you won't find much difference between associates at the same age, which we think creates more cooperation," explains partner Alfonso Montoya. "We have the idea that the firm owns the clients, so if you bring one that is great, but that won't give you a higher salary or a bonus."

### **To evaluate or remunerate?**

Besides reflecting the type of culture a firm wants to instil, the structure of a firm's associate salary programme can also reflect the view senior management has of the role associates should play within the modern legal marketplace more generally. Firms such as [FerradaNehme](#)

[\(/II250/firms/1131683/ferradanehme\)](#) or Rodrigo Elías, which offer token bonuses or none at all, adhere to the view that associates at the start of their career should devote their energy to developing the hard and soft skills necessary to make them excellent partners later in the careers, rather than being encouraged to win clients through financial incentives. "We think it is mainly a partner's job to win clients and promote the practice area, but we still want the associates very much involved with the clients," explains Montoya, who says the firm has a policy of seeking "extreme satisfaction" from clients, which requires associates to be readily available to respond to the needs of clients and that, in turn, gives the associates plenty of frontline experience on casework.

Such a division of labour is fully endorsed by Jaime Fernández Madero, a law firm management consultant and founding partner of Argentine firm Bruchou, Fernández Madero & Lombardi: "Many law firms pay a fixed salary and then they have the variable portion, but...it is totally counterproductive and disincentives the development of talent and I would advise against it in junior and even mid-level associates," he argues, adding that big clients tend to follow experienced professionals rather than young associates. "Some firms don't even ask younger partners to bring in clients ... because the reason is you are much more effective in bringing in clients when you are a more effective professional."

Others take a different view. Felipe Lavín Venegas, who is executive director at Idealis - Legal Recruitment and focuses on the Chilean legal market, argues that because "selling skills are basically what makes you partner", many firms continue to look for evidence of these when deciding which associates to make partner. "We have seen some lawyers make partner without bringing in work because they are very talented lawyers in a very specific area of law, but generally it is their ability to win clients that helps them become partner," he explains. "We have heard of some associates feeling trapped because a sluggish economy is preventing them bringing in the work needed to make partner and are then being attracted by companies offering awesome amounts of money."

Linking associate pay closer to performance can also bring broader benefits to the firm too. "Performance-related pay also provides a reduction in fixed costs, because you only pay more if the firm does well," notes Salomão. "But a second benefit is the educational aspect, because it teaches the attorney to think correctly about their connection with the firm, not simply as an employee, but as a professional. They learn to see what a law firm is about, rather than sitting at their desk, doing whatever work appears and not worrying if it doesn't arrive."

Non-salary benefits are also widely used by firms across the region to help boost retention and associate satisfaction. Almost 80% of respondents said they included

non-salary benefits within their associate remuneration packages. Private health, life, dental and pension plans were the most common benefits offered. Company mobile phone contracts, travel costs and subsidised gym memberships, were also popular incentives. More unusual perks included subsidised drinks and snacks, grocery vouchers, personal training budgets, language classes and preferential loans or scholarships for further education (Figure 5). "When you talk to lawyers in general, salary is obviously very important, but as they become more senior in their career, other things seem to also play a relevant role," explains Guilherme Nicolau, responsible for legal and compliance recruitment at Robert Walters. "Benefits such as stock options, private pension funds, corporate car, health insurance, are all considered strategical talent retention tools."

Free snacks and subsidised gym memberships may appear frivolous, but they can have a business rationale if it helps the firm's associates feel valued. Headrick Rizik partner Mary Fernández, for

Figure 5: Examples of associate life benefits



example, recalls one occasion when a talented and productive associate suddenly announced she wanted to leave the firm because she thought she was underperforming. The news sent a strong message to the partners that "we had to change our attitude and our actions" by providing more regular praise, which has now led to more frequent and detailed evaluations, she

explains. Flexitime

and paid maternity and paternity leave are other tools that firms use to attract and retain millennial associates. One Argentine firm allows associates with young children or elderly dependents to choose from a menu of flexitime and home-working options, ranging from a full part-time contract, to several days or a single day off per week, without a reduction in salary or benefits. Elsewhere, a



Brazilian firm, which currently provides associates with private health and dental insurance and a car parking space, is now redesigning its associate remuneration to offer non-monetary benefits, such as free snacks and drinks and showers at the office to allow staff to cycle or run into work. "Millennials want to work, but they also want to have their lives and enjoy themselves and have flexible schedules," reflects Freddy Zometa, regional corporate director for Latin Alliance in El Salvador, who recently attended a conference to learn how to manage millennials better. "Sometimes it can be difficult to accommodate."

For firms that provide funding for degree courses or language classes, the pay-off can be even more immediate. Besides helping to attract talent, allocating time and resources to allow associates to undertake further study can also help retention and contribute to a more skilled workforce. "Providing reimbursement for language or further study can help address the need of lower level associates to improve their skills," says M & M Bomchil Abogados ([/ll250/firms/1133467/m-m-bomchil-abogados](https://ll250/firms/1133467/m-m-bomchil-abogados)) partner Marcelo den Toom, "Sometimes they even regard [the benefit] more than the salary themselves, because they know that their real difference in income will come in the long term, rather than the short term, so they know it is more valuable to acquire good experience and language skills."

Ultimately, it is flexibility that the majority of respondents single out as the most important feature of an effective associate salary structure. Although emphasis is placed on the importance of crystal clear objectives and evaluation criteria, it is the ability to tailor the system to the individual's circumstances or career goals that proves most effective in attracting and retaining top talent "It's most difficult is to retain junior and the first level of mid-level associates up to five years' experience," notes [Soares Bumachar](#) ([/ll250/firms/1132128/soares-bumachar](#)) [Barros Advogados](#) partner Eduardo Soares. "It's harder to keep them motivated and I think they don't see as much advantage in having a good financial package. They are always open to hear proposals and will sometimes move to another place for almost nothing, so it is harder to keep them focused on other benefits to encourage them to make a career within one firm." For some associates, a discretionary bonus or bump in their salary may keep them in the fold. For others, it may be non-monetary benefits, such as flexibility with their work or a client-facing role on challenging deals or cases, that will stop them looking elsewhere. Javier Escalante Madrigal, a partner at Costa Rican firm Sfera Legal, provides a recent example of the benefit of a flexible remuneration system. His firm recently improved the compensation of a senior associate in one of the firm's departments to prevent her from being poached by a rival firm, although the firm also uses non-monetary incentives to keep hold of talented lawyers. "We are seeing a trend,

where very talented associates with a senior profile are becoming more difficult to retain because of competition," he reflects. "Associates that are a little bit more senior may already have their LLMs and lived or worked abroad, which makes them an attractive target. Although they ... want to earn good money and make a good living, they also want other things, like having challenging and interesting work."

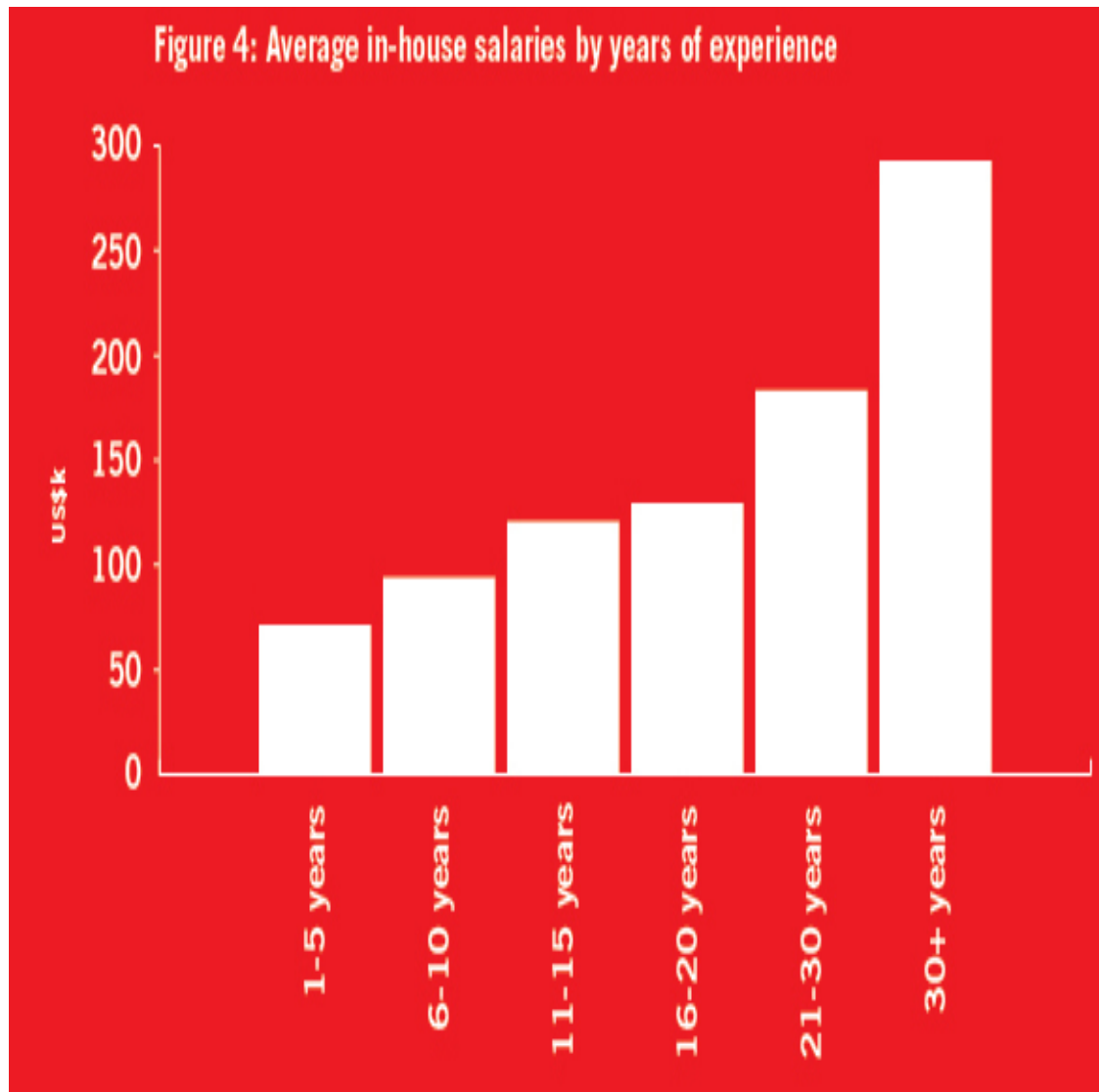
### **Would I earn more working in-house?**

It is a question that many associates have asked themselves at some point in their careers. After several years spent honing their skills at their law firms and with the partnership still a distant proposition, it is understandable (if not inevitable) for ambitious young lawyers to begin to consider whether their career prospects may be improved by moving in-house. For some, such a move may be driven by personal circumstances. For others, it is professional calculation that leads them to take the plunge. But whatever the reasons, will such a move swell or slim their pay packet?

For those associates wanting to earn as much as possible early in their careers, it may be time to start packing their bags. Research conducted by Latin Lawyer's sister publication *Latin American Corporate Counsel Association* reveals that, on average, in-house counsel across Latin America earn substantially more than their private law firm peers at a similar stage in their careers. Broken down by

years of experience, LACCA's data shows that in-house counsel with between one and five years' experience, roughly equivalent to lawyers at junior and mid-level associate levels, earn an average salary of US\$5,937 per month; more than US\$3,000 higher than the average salary earned by mid-level associates and over US\$1,000 higher than the average monthly salary of top-earning Mexican associates. At more senior levels, in-house counsel with between five and 10 years' experience, or roughly equivalent to mid-level and senior associates, pull in US\$7,556 each month; just under US\$3,000 more than the average salary earned by senior associates, although only slightly more than the US\$7,386 earned by senior Mexican associates. (Figure 4). Indeed, the earnings gap between corporate counsel and private practice lawyers may even be bigger than the average figures suggest. Echoing the broad variation in salaries earned by associates at different law firms within the same market, LACCA's data reveals that in-house counsel working within certain industries can also earn substantially more than their peers. Companies in the mining, pharmaceutical and agricultural industries were the top payers, according to the data. However, it is important to recognise that such figures do not reflect the total pay pocketed by associates at private firms, which can be substantially enhanced by performance-related or discretionary bonuses, profit-

sharing schemes and client-generation fees or commissions. By contrast, salaries account for the bulk of most in-house pay packets even at senior levels.



For Felipe Lavín Venegas, executive director at Idealis - Legal Recruitment, the higher salaries earned by in-house lawyers lay rooted in a combination of tighter legal budgets within companies and growing demand for younger lawyers with particular skill sets, such as high technological literacy or the appropriate communications

skills to handle the media and social networks.

"Companies are recruiting much younger Chief Legal Officers, which means they are able to pay them a lower salary than a more senior in-house lawyer, but for that lawyer, it is an awesome jump in their salary," he explains.

"What you saw in the US after the sub-prime crisis was not only the importance of having a CLO that participates in the decision-making processes of the company, but also one that is able to use social networks to protect the company's reputation."

Practice area :

Strategy and management