

# Report to Legal Management

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## Sprinting Toward a Brick Wall: Baby Boomers Need Retirement Options



Alan R. Olson

By Alan R. Olson

**F**or me it is strange to be discussing retirement as applied to peers and older siblings, and stranger still to feel burgeoning *empathy* for them. Wasn't it last month that we were the youngsters of our firms, revering our senior partners' depth and longevity? Wasn't it just last year that we graduated from law school?

The baby boomer generation entered the practice of law in unprecedented numbers, carrying lofty expectations and the collective willpower to produce an unprecedented number of billable hours. Now this wave of active lawyers is moving toward senior status, phase-down and retirement. Despite the complex emotions evoked by thoughts of retirement, the baby boomer generation of lawyers – and the law firms in which they have participated or helped build — must plan their futures. The alternative, “I will work my 2,000 billable hours until I retire to the beach,” can be likened to sprinting toward a brick wall. Not a very realistic course, and one bound to hurt.

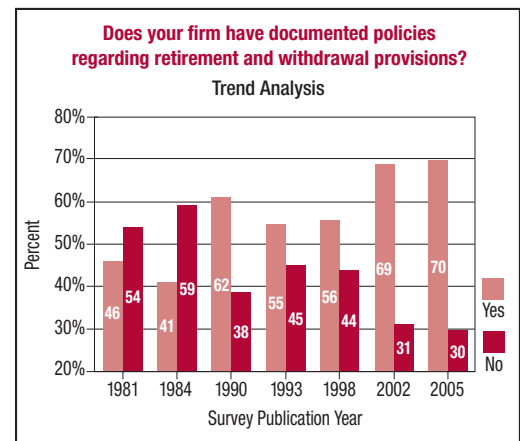
### Retirement Policies and Ages

Trends in law firm retirement policies can provide helpful background for planning. During more than three decades of surveying the legal profession, Altman Weil has regularly researched law firm retirement practices. The Altman Weil *Retirement and Withdrawal Survey for Private Law Firms, 2005*

*Edition* chronicles the retirement and withdrawal policies of 202 U.S. law firms, including 58 local firms; 41 state-wide; 62 regional; 28 national; and 13 international.

As indicated in Chart A below, an increasing proportion of law firms have documented retirement policies — but surprisingly, 30% of respondents still do not.

**CHART A**



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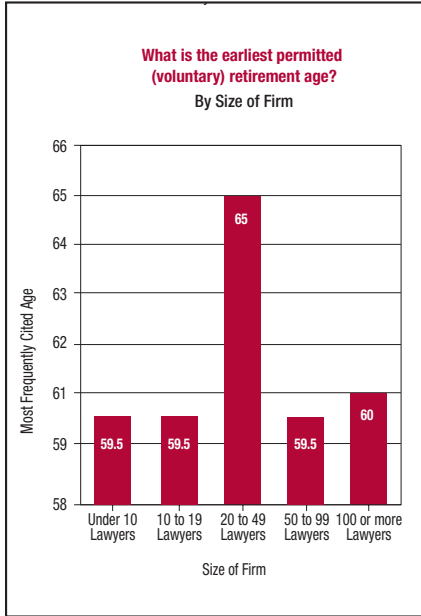
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**Baby Boomers...** *continued from cover*

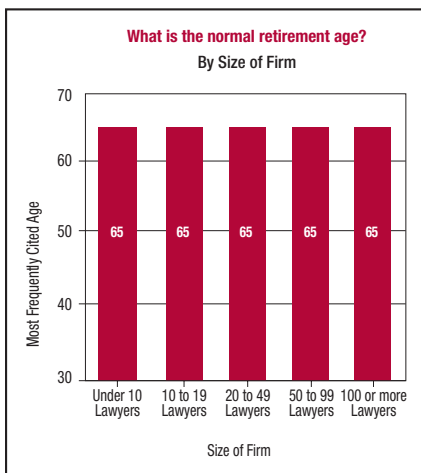
The most frequently-cited early retirement age appears in Chart B and, interestingly, hovers at 59 to 60 years of age, except for lawyers in firms of 20 to 49 lawyers, in which 65% of respondents cited 65 years.

**CHART B**

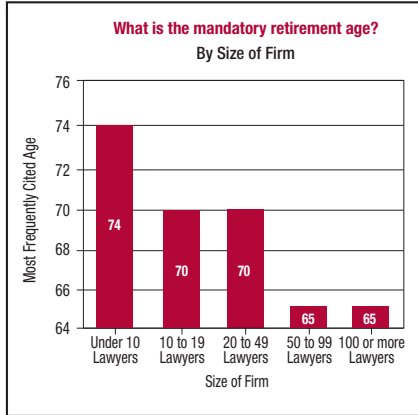


The normal retirement age (Chart C) shows dramatic consistency for all size firms (and indicates, for the 20 to 49 lawyer firms, that 65% of respondents have a normal retirement age of 65 – equal to the early retirement age percentage). Chart D shows that mandatory retirement age decreases, on average, as firms increase in size.

**CHART C**



**CHART D**



**Baby Boomers Need Options**

Law firms need to focus on options in addition to early, voluntary and mandatory retirement. Many lawyers want to continue to practice, have all the necessary ability, and will continue to be productive. Firms need to retain, nurture and utilize these senior lawyers—it can be a win-win-win for the clients, the firm and the individual. In fact, Altman Weil consultants have been hearing more frequent anecdotes about senior lawyers who, facing mandatory retirement, take their practices, clients and skills across the street to a firm that will let them continue to practice.

At the same time, while the basic policy architecture can be established, pre- and post-retirement options must involve case-by-case flexibility, and the firm must have moving-party status. Some lawyers will want to stay active when they should not — when their skills or endurance have declined. Some will expect full compensation for less than full-time contributions.

A step-down program involves a reduction in a partner’s role, ownership interest, and a concurrent reduction in capital investment. It may end in retirement or senior counsel status (in this context, senior counsel refers to working lawyers who have stepped out of ownership, but have not retired).

Post-retirement arrangements can also be established on a case-by-case

basis, with retired lawyers continuing to practice. This should be undertaken selectively – not with everyone, and not as an entitlement. The individual must want and be able to continue planned activities. Altman Weil generally recommends an established, annual review, whereby the firm and individual can renew, revise or cease the arrangement. Monitoring is critical in post-retirement arrangements. We have all seen older lawyers who have concluded otherwise stellar careers on a mishandled matter, or even a malpractice allegation.

Retirement and post-retirement options are summarized below in Chart E.

**CHART E**

Partner Status	Retirement		Post-Retirement Optional Contract
	Early	Mandatory	
Partner A	→	→	
Partner B			-----→
Partner C	→		
Partner D		-----→	
Partner E	→	-----→	-----→

In the chart:

- Partner A works until mandatory retirement age, and retires.
- Partner B works until mandatory retirement age and retires, but with a post-retirement agreement to continue to practice.
- Partner C takes early retirement (and that is that).
- Partner D takes early retirement with a formal step-down arrangement or senior counsel arrangement, until mandatory retirement.
- Partner E takes early retirement with a step-down or a senior counsel program, retires, but continues with a post-retirement contract.

**Conclusion**

Law firms need to consider multiple options for their aging and retiring baby-boomer lawyers. Because each lawyer’s goals, abilities and expectations will differ, these options must

*continued on page 12*

**Baby Boomers ...** *continued from page 3*

contain both a basic structure and also case-by-case flexibility. For their part, individual lawyers need to consider their alternatives. In addition to working full-time until full retirement, which in some cases resembles sprinting for a brick wall, senior lawyers must consider alternatives — sprinting, running, jogging and walking, and different distances — from early retirement to post-retirement employment. While the subject can be difficult to discuss, having options can make the decision much more palatable for all involved. ♦

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