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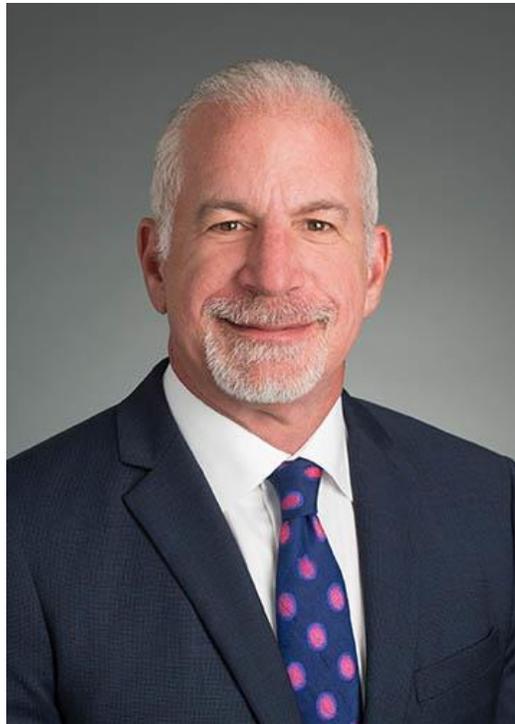
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Attorneys need solid financial advice too

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By Mark Seruya



So here you are, well on your way in your legal career, carving out a successful private practice or charting your path toward a partnership. Just look at Harvey Spector, the hotshot TV attorney on *Suits*, and his fictional firm's managing partner, Jessica Pearson^[1]. Their fancy offices, high pay and tempting perks certainly look enticing. Attorneys on *Suits* frequently dine at the best restaurants, hop down to Atlantic City in tuxedos, sit in front-row seats for shows, and live in luxe Manhattan apartments.^[2]

Whatever your goals, it is important to start planning now to reach them. Consider your discretionary income: Do you live lavishly, purchase a big house, own several imported cars, and take exotic vacations? Or do you delay aspects of this grand lifestyle for a time and put aside funds for the future of your children and your own retirement?

There is no single answer to that question. There can be a wide difference in salary among lawyers, depending on the chosen legal field, as well as the geographic region.

First year lawyers in Manhattan may start out earning a salary of \$160,000 versus the national median of \$135,000.^[10] In contrast, the average pay for lawyers in other areas – take Albany^[11] or Vermont^[12] – may be significantly less. And, in addition to an above average salary, many law firms in Manhattan offer periodic bonus and profit-sharing payments. This can make **financial planning more difficult because the “extra”** compensation is not guaranteed – nor is the amount.

Research shows that lawyers typically do save for retirement.^[13] Lawyers as a group tend to have solid 401(k) plans with low fees and high average balances, but it is important to remember that there may be risks associated with contributions to plans sponsored by your firm.^[14] Even at well-run firms, there could be reasonable concern over the extent of funding for retirement plans and the willingness of younger partners to support the plan.^[15]

Still, you should invest in retirement as early as is feasible. If you continue to grow in your career, and your income grows with you, you might well become accustomed to a lifestyle that could be difficult to maintain in retirement without proper financial planning.^[16] The further you are from retirement, the greater the risk level you may be willing to accept in your portfolio, as a market downturn early in a career still will allow plenty of time for recovery before the assets are needed. And remember that not all eggs should go into the same basket – a balanced and diversified portfolio is key.^[17]

While \$160,000 in Manhattan certainly is a substantial starting salary, you should not forget what may be a heavy burden of student loans from law school.^[18] Developing a budget and plan for staying on track with payments is key to your future financial success.

It's also a wise move to put money aside for unexpected expenses and emergencies. A basic rule of thumb is to put three to six months' worth of living expenses into an account that is easily accessible.^[19]

Do note your individual legal requirements: taxes, estate planning and even your will. While many aspects of financial planning apply to most professions, lawyers have their own niches, especially regarding tax matters. Failure to fully understand income and employment tax rates could be costly to a practicing lawyer.^[20] You might consider consulting with a tax professional on these matters.

You've worked hard to succeed in your profession. Now apply that due diligence and solid research to your finances. That's the surest way to seasons and seasons of success, just like on *Suits*.

Mark Seruya is a Managing Director and Private Wealth Advisor with the Private Wealth Management Division of Morgan Stanley in New York City. He can be reached at 212-903-7699.

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[1] <http://www.imdb.com/title/tt1632701/fullcredits/>

[2] http://www.huffingtonpost.com/quora/is-being-a-lawyer-as-awes_b_4067777.html

[3] http://www.nytimes.com/2015/04/17/business/dealbook/welcome-to-your-first-year-as-a-lawyer-your-salary-is-160000-a-year.html?_r=0

[4] <http://www1.salary.com/NY/Albany/Attorney-I-salary.html>

[5] <http://www.indeed.com/salary/q-Attorney-I-Vermont.html>

[6] http://www.nytimes.com/2013/03/30/your-money/money-advice-for-doctors-and-lawyers.html?_r=0

[7] http://www.nytimes.com/2013/03/30/your-money/money-advice-for-doctors-and-lawyers.html?_r=0

[8] http://www.nytimes.com/2013/03/30/your-money/money-advice-for-doctors-and-lawyers.html?_r=0

[9] <http://www.forbes.com/sites/quora/2013/05/01/personal-finance-for-young-professionals/2/#7915751b18c3>

[10] <http://www.morganstanley.com/articles/golden-rules-investors>

[11] http://www.huffingtonpost.com/quora/is-being-a-lawyer-as-awes_b_4067777.html

[12] <http://www.forbes.com/sites/quora/2013/05/01/personal-finance-for-young-professionals/2/#b638f8918c37>

[13] <http://www.fa-mag.com/news/specializing-on-specialists—financial-planning-for-lawyers-22899.html>