

# Latest Trends in Law Firm Compensation Models

The Managing Partner Forum's February 2026 entry in the Law Firm of the Future webinar series, "Latest Trends in Law Firm Compensation Models," combined a multitude of fresh polling data with candid discussion about what compensation systems are actually getting right, and where firms keep leaving problems unaddressed. Managing partners are trending towards viewing compensation as an active lever for behavioral change, asking how to use it to drive the origination and leadership investment their firms are missing. The data confirms several durable trends, and surfaces a few persistent problems.

## Moderators:

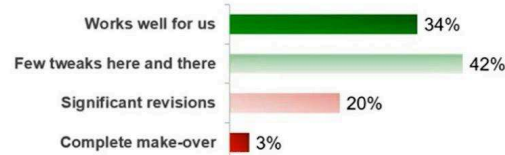
- [John Remsen Jr](#): President of [TheRemsenGroup](#) and President & CEO of Managing Partner Forum
- [Uri Gutfreund](#): Senior Vice President and Managing Principal at [Ames & Gough](#)

## Key Takeaways:

- **Satisfaction isn't the same as effectiveness:** Most firms describe their compensation systems positively, but the session's data reveals consistent gaps in how firms incentivize origination, reward firm building, and handle chronic underperformance.
- **The shift toward objectivity is clear and accelerating:** More than half of respondents report moving away from subjective systems over the past five years, driven in part by younger partners pushing back on seniority-based models in favor of performance-based ones.
- **Origination remains the #1 problem, and most comp systems aren't solving it:** Cited as the most common gap at law firms, but 79% of respondents report no change in how heavily they weight origination credit.
- **Chronic underperformers are consistently overcompensated:** Nearly 70% of respondents believe their underperformers receive more than their contributions warrant, mirroring the 2024 data and pointing to structural reluctance to address performance directly.
- **No surprises should be the governing standard:** Whatever system a firm uses, partners should know at the start of the year exactly how compensation will be evaluated. Year-end surprises are a failure of design.

## Bringing on the Data!

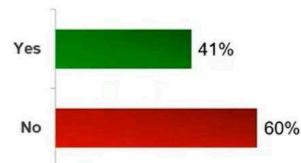
REGISTRANT QUESTION #1  
Description that best describes your firm's  
current compensation system for lawyers?



Pre-registration: How would you describe your current compensation system?

Three-quarters of respondents described their system positively: 34% said it works well, 42% said it needs minor tweaks. But the session's more granular data revealed that satisfaction and effectiveness aren't the same thing.

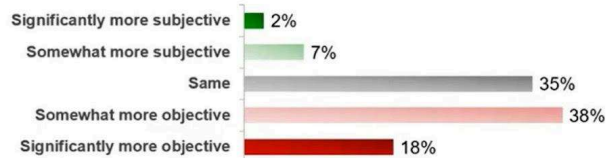
REGISTRANT QUESTION #2 - 2026  
Has your firm made any significant changes to  
its compensation model in the past five years?



Pre-registration: Has your firm made significant changes in the past five years?

41% made significant changes in the past five years. The 60% that had not showed that a healthy system should evolve as the firm matures. Locking in a structure and leaving it unchanged is risky, especially through succession shifts or client base changes.

**REGISTRANT QUESTION #3**  
Trending to more objective or subjective system over last five years?



*Pre-registration: Trending to more objective or subjective over last five years?*

56% of respondents are trending toward greater objectivity, and only 9% toward more subjectivity. Younger partners increasingly expect to understand how compensation is calculated, and are skeptical of systems that rely heavily on discretion.

## Partner Satisfaction

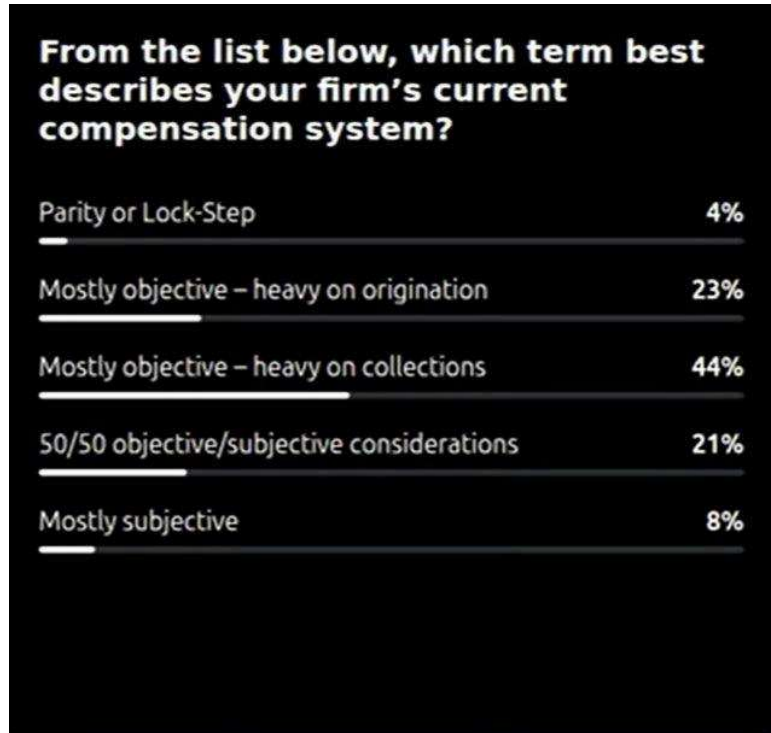


*Live Poll: How satisfied are equity partners with your current compensation system?*

Two-thirds of respondents said their equity partners are "somewhat satisfied," and 24% reported "very satisfied." John compared equity partners to baseball players on the field, each contributing differently, with associates, support staff, and firm leadership as essential off-field roles. A compensation system that rewards only individual stats (collections, origination) risks missing the team dimension entirely.

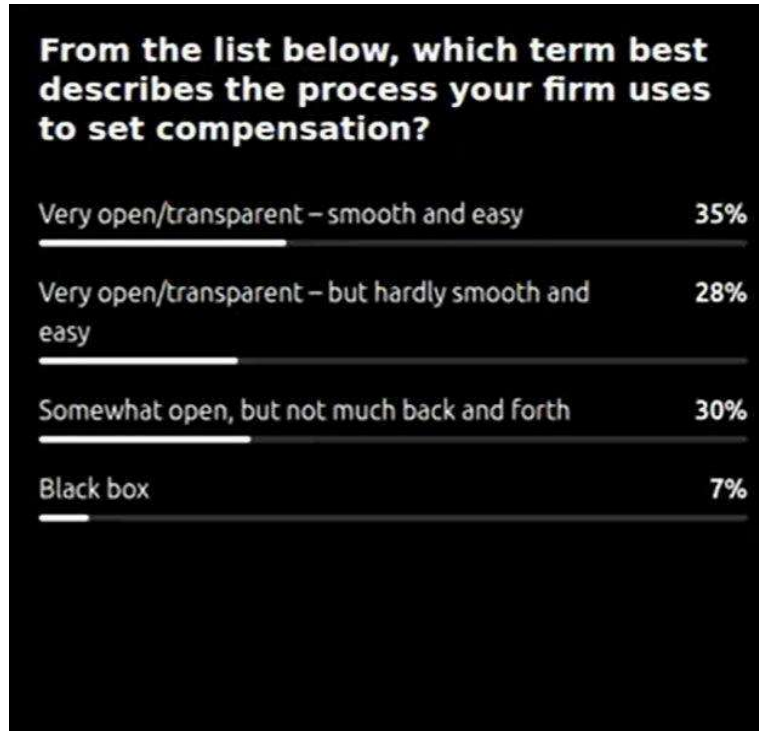
Uri expressed mild surprise, since pre-submitted questions were focused on incentivization gaps. John's read is that satisfaction is largely relative; it reflects what partners expect and what they know about colleague pay, not necessarily whether the system is producing optimal outcomes.

## System Structure & Transparency



*Live Poll: Which term best describes your firm's current compensation system?*

Collections-heavy objective systems dominate: 44% of respondents run mostly objective systems heavy on collections, 23% are heavy on origination. Lock-step systems have nearly vanished at 4%. John came back to his point that collections are an appropriate measure for associates and income partners, but equity partners are owners. For them, origination and firm-building contributions should carry increasing weight.



*Live Poll: Which term describes your compensation-setting process?*

63% of firms operate with meaningful transparency, though not always smoothly. Zero firms reported becoming less transparent over the past five years, possibly an irreversible trend. The governing principle should be that partners don't need to love the outcome, but they need to trust the process. Year-end surprises are a system or communication failure.

## The Four Key Compensation Factors

The data dug into four major factors firms weigh when setting equity partner pay, looking at both current weighting and five-year trends.

### Seniority

**How much does your firm weigh SENIORITY when setting Partner/Shareholder compensation?**

Very heavily weighted	5%
Heavily weighted	9%
Moderately weighted	16%
Lightly weighted	32%
No factor at all	39%

*Live Poll: How much does your firm weigh seniority?*

**In which direction has the weight for SENIORITY been trending in the past five years?**

Considerably more weight	0%
Somewhat more weight	0%
About the same	50%
Somewhat less weight	28%
Considerably less weight	23%

*Live Poll: Direction of seniority weighting trend?*

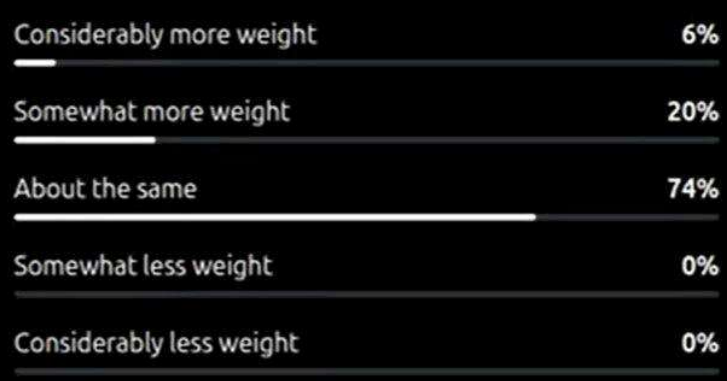
71% give seniority little or no weight. On trend, not one respondent is giving it more weight, and 51% are actively reducing it. Younger partners pushing back on lockstep in favor of performance is the dominant driver.

### Personal Collections



*Live Poll: How much does your firm weigh personal collections?*

**In which direction has the weight for COLLECTIONS been trending in the past five years?**



*Live Poll: Direction of collections weighting trend?*

Collections remain the most heavily weighted factor: 66% weight them heavily or very heavily, and 74% report no change in weighting.

Origination Credit

**How much does your firm weigh  
ORIGINATION CREDIT when setting  
Partner/Shareholder compensation?**

Very heavily weighted	21%
Heavily weighted	24%
Moderately weighted	24%
Lightly weighted	13%
No factor at all	18%

*Live Poll: How much does your firm weigh origination credit?*

**In which direction has the weight for  
ORIGINATION CREDIT been trending in  
the past five years?**

Considerably more weight	5%
Somewhat more weight	8%
About the same	79%
Somewhat less weight	8%
Considerably less weight	0%

*Live Poll: Direction of origination credit weighting trend?*

Most firms cited origination as their number one gap, but 79% report no change in how heavily they weight it. The disconnect is the point here: if insufficient origination is the problem, and compensation is the primary behavioral lever, a static comp system will produce a static result.

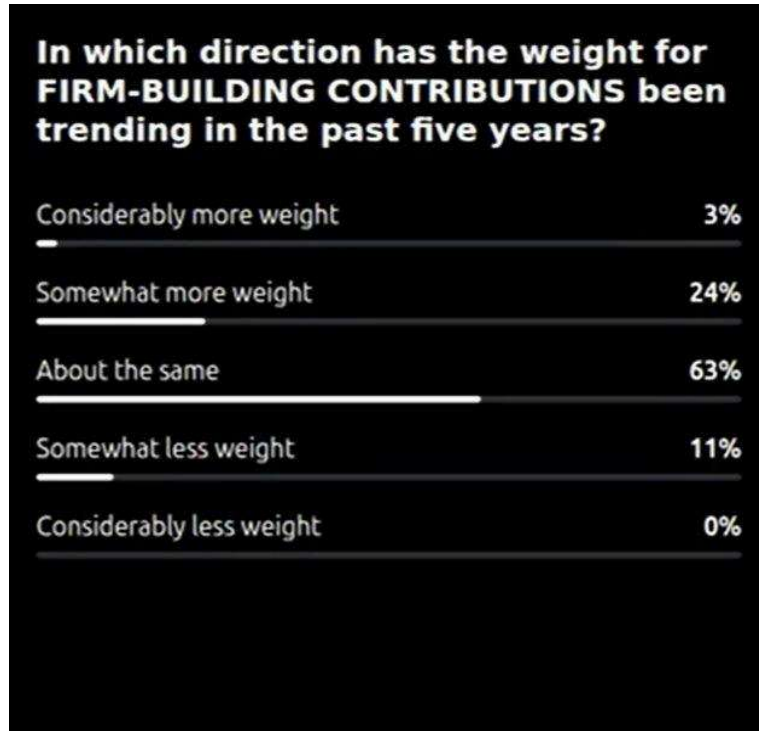
*"The number one problem I hear at firms is we don't have enough partners originating. If that's the problem - let's look at our comp system. Obviously we're not properly incentivizing origination." - Uri Gutfreund*

Only 18% have a formal shared origination credit policy. Uri flagged a common abuse: partners distributing credit as a bargaining chip rather than as a reflection of actual contribution, which skews firm data and entrenches "my client" thinking. On sunseting, 46% maintain lifetime origination credit. John endorsed leveraging sunset provisions as a succession tool, with lifetime credit actively discouraging senior partners from transitioning client relationships.

## Firm-Building Contributions



*Live Poll: How much does your firm weigh firm-building contributions?*



*Live Poll: Direction of firm-building contributions weighting trend?*

58% of firms give firm-building contributions little or no weight. Managing partner time, mentoring, recruiting, and department leadership are important but rarely factored into compensation.

## Compensation Spread & Performance

### What is the multiple between the lowest and highest paid Equity Partner/Shareholder?



*Live Poll: Multiple between lowest and highest paid equity partner?*

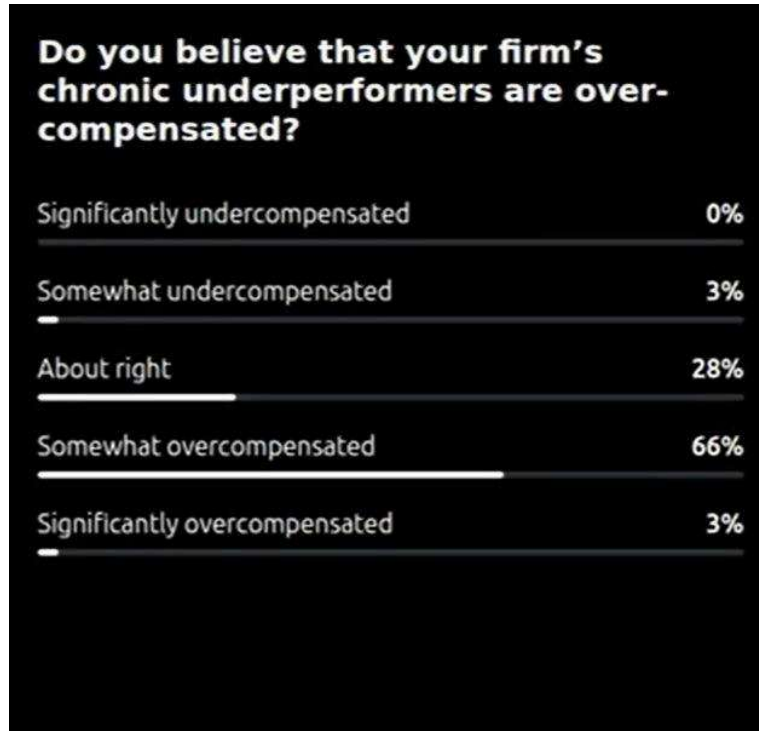
67% of firms operate with a 3-4x multiple between highest and lowest paid equity partners. 32% report the spread is widening; 22% report more compression. The panel repeatedly drove home that artificial compression, where top performers and chronic underperformers are paid similarly, is demotivating and a retention risk.

**Do you believe that your firm's top performers are adequately compensated?**



*Live Poll: Are your top performers adequately compensated?*

66% believe top performers are compensated about right, but 31% believe they are somewhat undercompensated. Losing a top performer because they don't feel valued is one of the most expensive mistakes a firm can make.



*Live Poll: Are your chronic underperformers overcompensated?*

69% believe chronic underperformers are overcompensated, mirroring the 2024 result almost exactly. The reluctance to address this is understandable, but the cost is real since it erodes trust among top performers and signals that the system rewards tenure over contribution. A three-year look-back approach can provide a more defensible basis for performance conversations.

# What's a Managing Partner to Do?



**MPF OBSERVATIONS**

- Compensation Systems Vary Widely
- There is No "Perfect" System
- Plan Should Align with Culture and Strategic Goals
- Reward Sharing, Teamwork, "Firm First" Behavior
- Fairness and Transparency Are Important
- Plan Should Naturally Evolve over Time
- Gradually Phase in Significant Changes
- Take Good Care of Your Top Performers



*MPF Observations - closing summary*

**There is no perfect system.** The right model depends on culture, strategic goals, and the behaviors the firm wants to encourage. Focus on fairness and trust over universal approval.

**Align the plan with strategy.** What the firm compensates for is what it gets. If origination is a priority, pay for it. If firm building matters, factor it in.

**Transparency is non-negotiable.** Billable hour expectations for equity partners vary widely: some firms set a floor of 1,200 hours, others have none at all. Whatever the standard, partners should know it in January, not at comp time.

**Phase in significant changes.** Partners adjust better when changes are introduced incrementally. Build in a regular review cadence so the system evolves with the firm.

**Protect your top performers.** They have options. A system that consistently undervalues high contributors is, over time, a recruiting tool for the competition.

*"Whatever system you use - communicate it, communicate it, communicate it. There should be no surprises." - Uri Gutfreund*

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