



Some things have unexpected consequences. Last year, after my bike accident, I began to feel pains the likes of which I had not experienced. Cycling continues to teach me about my body; one merely has to listen. After pushing to find answers, I'm excited to say that I've been given a green light to get back on my bike. Though slower than before, and experiencing a very sore butt, I'm still excited to be back riding my bike and begin the restorative process.

I have a goal of riding Mt. Figueroa in Central California in September. This is a ride some pro cyclists climb early in the new year to train for their European races later in the year. I'll let you know when I complete this journey. Stay tuned for September.

I'm excited to have released *Secrets of the Business of Law, 2nd ed.* And, look for the next book announcement shortly.

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The "Social Security Crisis" Comes to Law Firms

Pension Obligations in Firms

For years we have heard the warnings about impending doom for the Social Security system, as the number of retirees receiving benefits continues to increase and the number of workers available to pay for those benefits continues to decrease. Now the inexorable logic of this situation has come to the world of law firms - specifically the large national and international firms that modeled themselves after their multinational corporate clients. In essence the problem is simple: too many promises have been made for pension obligations in these firms, and the number of lawyers available to cover them is shrinking, reflecting the general estimate that by the year 2020, 400,000 lawyers of the Baby Boom generation will be poised to retire.

Pension Obligations on Younger Lawyers in a Firm

In a recent issue of a [major legal publication](#), as reported by the American

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What Clients Are Saying:

Bar Association, the magazine looked at pension plans of law firms. It appears that a number of the country's largest law firms have pension plans that are unfunded. In other words, these are firms with pension plans, but without money to pay the obligations of those pension plans as their lawyers retire. What we will increasingly see are law firms with the bulk of their lawyers leaving the practice for retirement with the hope and prayer that the fewer remaining, younger partners will be willing to fund the firms' obligations. We will also see many situations where these younger lawyers will find it to their economic advantage to torpedo the existing law firm and its pension obligations in exchange for creating a new firm with no pension obligations. Doing so will give them the opportunity to take on more of the revenue that is produced by their efforts. They will earn more and pay less.

Restructuring of Major Law Firms

This kind of intergenerational warfare should not be discounted. It is important and it will occur. A managing partner recently said that when a firm gets large, there will be an increased movement of lateral partners to fill in the gaps of practice areas to serve clients better and to increase the depth of their experience within existing practice areas. However, he also notes that when one partner moves laterally, others tend to do likewise and this process weakens the glue that keeps the firm together. Thus, we are not talking merely about one lawyer and his or her retirement thoughts, but rather we are looking, potentially, at the restructuring of major law firms if lawyers actively seek firms that do not have large pension liabilities.

The Future of a Firm's Pension Plan

Sole practitioners and small firms will not escape the impact of this movement. In many instances, they will be able to attract some of these elite lawyers; in some cases, their colleagues may make demands concerning unfunded pensions that will impact even them. As all clients - corporations, small businesses and individuals - pressure law firms to lower or eliminate their hourly rate billing, something has to give. For BigLaw, and many smaller firms, the future may hinge on the funding or non-funding of the firms' pension plans. Like the steel and auto industries before them, lawyers will face stark choices: cut pensions, cut people - or go out of business.

Tools to Thrive in Tough Times

Ed Poll is pleased to offer this special limited-time product package designed to provide attorneys with the tools they need to survive in tough economic times. Full of invaluable information and advice, this limited-time LawBiz® offering has everything a lawyer needs to start – and grow – a successful law practice. [Learn more.](#)



"It is a joy and pleasure working with Ed and I look forward to each coaching sessions. My only regret is that I did not start sooner!"

JRL
Atlanta, GA

"It has been a pleasure and a real assistance speaking to Ed on a weekly basis about issues as they came up, and about developing a roadmap for future actions. It was great to know that no matter what the issue, Ed has been there to field questions and provide amazing ideas."

SEB
Central California

"I enjoyed Ed Poll's presentation at the "Running Your Law Practice Profitably" seminar, hosted by the University of West Los Angeles School of Law and the Beverly Hills Bar Association. The information presented and resource materials distributed during the presentation are invaluable to me as I prepare for a profitable law practice. Assisted by the material and forms in *The Profitable Law Office Handbook*, I can now develop and implement a successful strategic plan and marketing business plan to assist me in the business of law."

BD
Los Angeles, CA

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1. Small Firm Logistics (3 CD set)
2. Business Competency for Lawyers eBook
3. The Profitable Law Office Handbook (with Disk)
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