How much debt should a law student take on before practicing law?

We asked attorneys and other legal professionals in the United States how much debt a law student should take on before practicing law. There were many who responded, giving different opinions on this issue. We hope their answers help prospective or current law students make the right decision.

I'm a personal finance coach and the author of the newspaper column Money Savvy.

How much debt should a law student take on before practicing law? Good question. The quick answer is as little as possible...going to law school offers no guarantee of practicing law or of being able to afford to repay the student loans.

According to the American Bar Association and Law School Admission Council?fewer than 60% of 2012 law school grads had a job requiring a law degree 9?months after graduation.

Added to this is the expectation that law school will rack up 6 figures of debt, which will be added to any undergraduate student loans. The current median salary for lawyers is at $113,000. I’d say law students should not go to any law school that will put them at more than $57,500 in debt, or half of the median salary.

Because law school comes with three years of opportunity and student loans cannot be discharged in bankruptcy it’s very important to make sure a student really wants to be a lawyer. They should Intern for a year in a law firm to find out if it’s indeed their passion.

Dreams and a passion for work are antidotes to consumerism. Passionately?pursuing your dream keeps you focused on what’s most important and prevents?you from foolishly shopping for satisfaction. Being a lawyer can be an rewarding career if it’s a passion or it can be just another job you hate.

Matt Kelly
Momentum Personal Finance Coaching

Too many law students are taking out large amounts of loans without doing any financial analysis with regard to job prospects or potential income. Before law students take out large loans, they should weigh their options with regards to law schools, scholarships, and current work opportunities. Taking out $150,000 for a law school education is not always a good financial decision or investment. Law school is an investment and, in many cases, the law student will not get a good return or even positive return on this investment. While there can be other reasons besides financial ones to attend law school, the financial aspects should not be ignored. While there is not a set number for how much debt one should take on, it should be tied to job prospects and earning potential. You should not take out $150,000 of law school loans if you are expected to make no more than $75,000 a year over the next 10 years. This will create a significant financial strain in many cases.

Jamie Hopkins, J.D., MBA, RICP(r), Assistant Professor of Taxation at The American College
Jamie Hopkins is an assistant professor of taxation in the Retirement Income Program at The American College in Bryn Mawr, Pa., and associate director of the New York Life Center for Retirement Income. TheAmericanCollege.edu
I advise my clients to first have proper expectations as to what kind of position that they will take, and with what kind of employer/firm they will work for. A law grad from a very expensive school at the top of his or her class will have different expectations from one who graduated near the bottom of his or her class.

If one chooses to go to the for profit world, versus government or nonprofit, appropriate debt levels could change again.

I like to see students keep their debt level below one times their projected annual income, or an annual payment for the loan of less that 5% of future income.

Any more than that may still be affordable, but at what cost? Job choice, saving for retirement, buying a home, having a wedding, and putting off having children?

In addition to the actual debt, more and more students are finding potential avenues in which the loans could be forgiven.

Keith Klein

Keith has been recognized by the Phoenix Business Journal as one of the top investment professionals in Arizona. His experience in AZ goes back over 20 years.

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Ideally, a law student would not take on any debt before practicing law.

These days, a JD does not equal a paycheck, and frequently those pay checks fall far below the expectations of hopeful lawyers to be. I was blessed to have a full merit scholarship my 1L year, and still managed to acquire over $80,000 in student loan debt. Five years later I’m still chipping away at that Sallie Mae note.

Understanding that student debt is inevitable in the majority of cases, the prudent student will take into consider the cost of tuition, the cost of living, the percentage of graduates from the desired institution who procured employment within 6-12 months upon passing the bar, what their median salary is, the bar passage rate, the anticipated job market upon graduating, and the student’s own network community and potential candidate firms for employment. And these are just the top questions to consider.

Law school is a long, arduous, albeit potentially rewarding path to take and it would be a disservice to the student to enter into it lightly.

-LeNaeGoolsby, JD
Practice Administrator
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A law student need not be concerned with the amount of debt it takes to finance their legal education. At present, a graduate of law school is eligible for IBR & PAYE, which limits the monthly amount a student owes upon graduation to a percentage of their earned income. Moreover, after 10 years in public service or 20 years in private practice all monies owed are forgiven. That said, a student should be mindful that these programs may be phased out and/or there is a tax expense for forgiven monies to the IRS in the final year.

-Matthew Reischer Esq.
http://legaladvice.com

Being the proud owner of law school loans (as is my wife), the very simplistic answer is a little as possible. Unfortunately, when I attended law school, there really was not a very good conversation about how much
debt you would have when you leave school and home much it would cost to pay back (think an extra mortgage every month).

As all is well aware, the job market for lawyers stinks. The days of insanely high starting salaries for Big Law are not as available (and no one really tells you that those salaries only went to a small percentage of attorneys). The fact of the matter is most law students will find themselves working in small to mid-size firms. Depending on the market, the starting salary may not be very high. In fact, they may have a difficult time making ends meet.

After my first year of law school at a private school I recognized the cost issue and transferred to a public law school. It was absolutely nothing about the school I left (I loved it), it just came down to economics.

-Erik Anderson, Esq.
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When you look at the law school debt question from the perspective of unhappy lawyers who want to transition out, the clear answer is ‘as little as possible.’ For many of my clients who want to make a switch from law to a different profession, the debt they incurred getting their degree is often the biggest obstacle they face when making a career change.

-Cheryl Rich Heisler
President/Founder
LawternativesCareer Consulting for Lawyers in Transition
www.lawternatives.com

While most people are wary of debt and most law students rightly seek to avoid it, a student should not be overly-zealous in doing so. A law degree is an asset upon which the student will rely for jobs and opportunities for 40 or more years. Thus, it may not be wise to go to the cheapest school, especially when plans are available that allow you to pay back the debt over a reasonable time. Much like buying a house, if you avoid debt entirely (or too much so), you may miss out on a valuable asset.

I teach at a local law school and I know firsthand how competitive the legal market is for beginning lawyers. Accordingly, while it is smart to go to the cheaper of two relatively comparable schools, it is a mistake to go to a much less regarded school to avoid debt - again, your law school degree is one of the most important assets you will ever buy and it is better to pay a bit more (and incur more debt) to obtain a valuable one that will increase your opportunities, income and confidence for the rest of your career.

-Thomas J. Simeone, Esq.
Simeone & Miller, LLP
www.SimeoneMiller.com

As little as possible.

With the declining employment market faced by most law school graduates, it is imperative that debt be controlled. Law school graduates are no longer guaranteed high starting salaries, if they are lucky enough to be able to find a job in the first place. And graduates who are unable to locate employment may soon discover they are unprepared by their expensive educations to actually practice law on their own - after all, law school professors freely acknowledge law school isn’t vocational training.

A graduate saddled with debt may be limited further by what jobs they can actually afford to accept. For example a graduate who wants to do public service law may not be able to afford to accept the limited salaries offered by legal aid offices. The same goes for a graduate who is interested in environmental law. With a high debt load, the only salaries high enough to pay student loan and living expenses may be on the side of big business - not on the side of environmental protection.

There was the notable example set by the Ohio Supreme Court who in 2011 denied a law license to a graduate with $170,000 in debt. The reason was he couldn’t demonstrate the good character required for licensure without a feasible plan to satisfy his financial obligations. *In re Application of Griffin*, 128 Ohio St.3d 300, 2011-Ohio-20.
The job market for attorneys is only tightening, and first entering the job market with approximately $150,000 in debt will have lasting effects on one’s lifestyle for future decades.

The amount of higher education student loan debt in this country is greater than the amount of credit card debt. One must question the legitimacy of money lending when obtaining the money is too easy. The law schools appreciate their students’ easy access to money for loans and will therefore continue to raise tuition amounts.

2014 is not the year for law students to be taking on any debt—including student loans.

-Robert Soniker,
General Counsel at NY marketing/advertising firm MSCO.

There is no set amount of debt that a law student should take on during law school. How much debt they will be able to afford will be based on several factors, like where they plan to practice, what type of firm they want to work for, and their own lifestyle. An attorney who wants to practice in large practice located in a major city will receive more in compensation than an attorney who is practicing in a small firm in a small town. Rather than focus on how much debt should they take on, a law student should take a look at the salaries of attorneys in the area that they want to practice and the related living expenses. An attorney practicing in Washington DC will make more than an attorney practicing in Virginia Beach. However, the living expenses will be far greater in Washington DC than in Virginia Beach.

I have been an attorney in Virginia for almost 17 years. During that time, I have always been in a small firm practicing consumer law. My salary is far different than an attorney in this area who works for a large firm specializing in business law.

-Edrie A. Pfeiffer,
Attorney
Hampton Roads Legal Services

As little as possible. Unless you go to an Ivy League school it doesn’t really matter where you go, so go with the cheapest school, or the one that gives you the most scholarship money.

-Shane Fischer, Attorney at Law
Shane E. Fischer, P.A.
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A student should not take on debt to go to law school without being certain of employment upon graduation that would allow a financially comfortable repayment of the loan. Individuals with preexisting training or job skills will be fine to take on the debt. The market has a lot of law school graduates without any underlying skill set. If you are in that category, proceed with caution.

-Charles R. Ullman
Board Certified Specialist in Family Law
Charles R. Ullman & Associates

How much debt a law student should take out before practicing law is a tough question because there is no magic number regarding how much debt you should and shouldn’t take on. The truth is there are many variables that come into play. As a general rule, I recommend taking on the least amount of debt possible.
When having any college or law school loans, it is best to begin repayment as soon as possible for interest reduction and balance management purposes. If you have no student loan debt and decide to open practice but are in need of money to begin, I suggest keeping the loan bare bones and only borrowing what is needed. Try to share space or use virtual space to keep costs down while building a practice.

-Leslie Tayne, Esq. of Tayne LawGroup, P.C.
http://www.taynelaw.com/

Keeping academic debt to a minimum is a sound idea for law students. The less debt a law school graduate has, the greater freedom he or she has when considering job opportunities that manifest. From my perspective, education translates into freedom and excessive debt is antithetical to that.

-Kimberly Greitzer
Dean of Glendale University College of Law
www.glendalelaw.edu

Even though there is no bright-line rule on how much debt a law student should not have after graduating law school, it is generally recommended that a law student have a reasonable and manageable debt amount.

Alfonso Cabañas is the managing attorney of Cabañas Law Firm, PLLC, in San Antonio. His practice focuses on business immigration and business transactions with a focus on U.S. companies investing in Mexico and Mexican companies investing in the U.S.

The phrasing of this question is a bit difficult to understand. The reason I say that is because an individual cannot practice law without completing their degree and receiving a law license (i.e. passing the bar exam). Therefore, a law student does not have a choice but to take on the debt from law school if they intend on practicing law. They may also need to take on debt when it comes to a bar review class (this is a class that helps student prepare for the bar exam).

If I were going to ask the question, it would be something along these lines: how much debt should an individual take on if they intend to practice law. This is a very difficult question to answer, but it is also very interesting. Let’s assume that the law student completes their law degree and passes the bar for $150,000 (this number is still probably a billow). More likely than not, they will need to pay around $300,000.00 over a certain period of time to liquidate the total debt amount.

I would argue that if you can complete your law degree and pass the bar in the state that you would like to practice in, you should be willing to take on $150,000.00 to $200,000.00 worth of debt. If you take on any more than $200,000.00, it may not make sense to get your law degree.

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Although those numbers may sound astronomical in the short run, you will have a better chance of securing an 'above average paying job’ at some point in your life if you have a law degree. Again, in the short term, you will feel like the weight of the world is upon you. However, there will come away where you will be glad that you have a law degree and a license to practice law...even if that day comes on your 50th birthday.

-Josh Turim
http://www.workinjuryfirm.com/