Briefs

IT INVESTMENT ■ JOB MARKET ■ FIXED INCOME ■ IN MEMORIAM

Law Firms Making Greater Investment in IT

Nearly six in 10 lawyers said their law firms will increase spending on technology in the next two years, according to Robert Half Legal's 12th Annual Future Law Office project.

Law firms plan to purchase software (79 percent), hardware (72 percent), desktop PCs (62 percent), laptops (49 percent), tablet PCs or handheld computers (44 percent) and smartphones (41 percent).

Among the other findings:

- Lawyers surveyed said their law firms used e-filing systems (83 percent), meeting or audio-conferencing tools (79 percent), document storage sites (58 percent), collaborative or information-sharing sites (51 percent) and client portals or extranets (30 percent).
- With mobile devices and wireless networks enabling lawyers to work remotely from any location, law firms are reducing the size of their offices and reconfiguring workspaces.
- With firms of all sizes now using similar products, services and tools, small firms and solo practitioners are able to establish a bigger presence online and, in some cases, better compete with larger firms.
- Nearly one in three in-house counsel (30 percent) interviewed said their legal department's greatest challenge is reducing budgets/controlling costs. They are utilizing technology solutions to streamline communications with outside counsel and improve efficiencies.
- As the amount of electronic data grows exponentially, e-discovery remains both a growth area and a challenge for law firms and their corporate clients. ■

Job Market "Brutal" for New Law School Graduates

The overall employment rate for new law school graduates is at its worst level since 1994, NALP, the Association for Legal Career Professionals, reported in a recent survey.

NALP said employment rate for graduates of the class of 2011 was 85.6 percent, the lowest it has been since 1994, when the rate stood at 84.7 percent. In addition to an overall employment rate that fell two percentage points from that for the previous class, and that has dropped each year since 2008, the Class of 2011 employment figures reveal a job market with many underlying structural weaknesses. The employment profile for this class also marks a continued interruption of employment patterns for new law school graduates that had, prior to 2010, been undisturbed for decades.

The survey measures the employment rate of graduates as of Feb. 15, 2012, or nine months after a typical May graduation. Analyses of these data reveal an employment rate that has fallen more than six percentage points since reaching a 23-year high of 91.9 percent in 2007 and marks the lowest employment rate since the aftermath of the last significant recession to affect the U.S. legal economy.

"For members of the Class of 2011, caught as they were in the worst of the recession, entering law school in the fall of 2008 just as Lehman Brothers collapsed, going through OCI in the fall of 2009, and summering in 2010 if they were lucky enough to secure a summer associate spot, the entry-level job market can only be described as brutal," said NALP Executive Director James Leipold. “When this class took their LSATs and applied for law school there were no signs that the legal economic boom was showing any signs of slowing, and yet by the time they graduated they faced what was arguably the worst entry-level legal employment market in more than 30 years.”

Not quite half (49.5 percent) of employed graduates obtained a job in private practice, a drop from 50.9 percent for the Class of 2010, which in turn was a full five percentage point decline from 2009. In most of the 38 years for which NALP has collected employment information, the percentage of jobs in law firms has been in the 55-58 percent range and has been below 50 percent only once before 2011.

Employment in business was 18.1 percent, the highest that NALP has measured, and up from 15.1 percent for the Class of 2010. ■

Fixed Income in Today’s Environment

With interest rates expected to remain low through 2014, investors may wonder what role fixed income plays in their portfolio today. For those who need income, lower-quality fixed income securities may be a good place to invest rather than stocks. From a bankruptcy perspective, if a company does experience trouble, creditors generally have a higher priority than stockholders on the repayment scale. However, some investors may prefer longer-term Treasuries to keep up with inflation. It is a balancing act – if a portfolio is too heavily weighted toward fixed income, investors may be unable to keep up in terms of purchasing power. One point about investing in fixed income is that if the security is not callable you may be able to hold onto bonds until maturity, and if the issuer does not default or go into bankruptcy, you will at least get all or a portion of your principal back.

PNC WEALTH MANAGEMENT

Another possibility that we believe could be considered is the addition of some credit exposure in order to improve yield, perhaps in the form of corporate debt. This can be an attractive investment, since corporations, in general, currently have better balance sheets than the government. Leveraged loans that are below investment grade also may be an interesting option. Investors should exercise caution when pursuing lower credit rating investments; as such, credit does not tend to perform well when there are concerns about the global economy. In that situation, high-quality fixed income may do better.

Emerging markets bonds are another asset category we believe investors may want to consider. Although selection is critical, some emerging markets companies have stronger balance sheets than developed country companies do. REITs and leveraged loans can provide attractive yields. Dividend yielding stocks also can provide equity-like exposure with an income component, but investors must weigh the greater potential volatility with the potential to keep up with long-term purchasing power.

For those investors who are focused on retirement income, we advocate taking a total return approach. Investors should first determine their individual spending needs, followed by a focus on preservation of capital in order to meet withdrawal needs over an estimated retirement holding period. This approach considers both capital appreciation and income in seeking to provide retirement income, with the goal of meeting cash flow needs in retirement while managing risk through asset allocation. ■

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June 19, 2012, Age 75

John M. Armstrong
June 22, 2012, Age 51

Paul R. Anapol
July 6, 2012, Age 79

Daniel L. Thistle
July 13, 2012, Age 67

Nelson H. Wollman
July 21, 2012, Age 86

David M. Kozlow
July 25, 2012, Age 53

Irvin Siegel
July 30, 2012, Age 85

Dorothy K. Phillips
Aug. 13, 2012, Age 66

Jerome R. Richter
Aug. 19, 2012, Age 73

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Aug. 21, 2012, Age 82

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