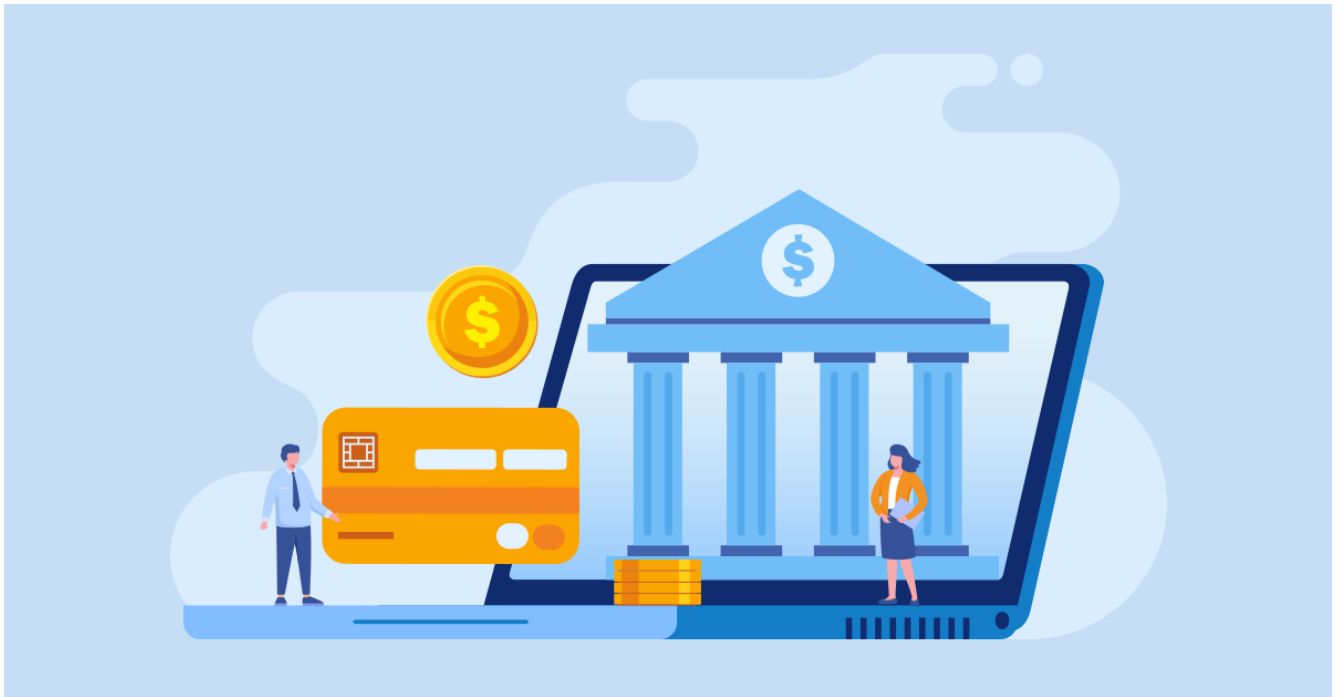


Should Your Law Firm Offer Fixed Fees?



The billable hour is the tried-and-true [law firm billing](#) standard for the legal industry, but more and more firms are exploring other pricing options. Fixed fees are one option that's becoming increasingly popular among law firms. With this pricing model, both the lawyer and client agree to the total cost for legal services up front, giving clients peace of mind and transparency throughout the process.

In a [recent survey](#) of in-house legal departments, over 85% reported having used fixed fees for specific matters, a significant rise from 69% in 2015. Additionally, the number of departments using flat fees for all matters in a particular area or by stages of a case has increased from 54% to 75% and 37% to 63%, respectively. While these findings come from in-house counsel, the benefits can extend to many other areas of law, particularly where predictability and clear expectations are valuable to clients.

Below, we'll explore different types of fees and pricing structures that law firms can implement, helping you decide if fixed fees could work for your practice.

What Are Fixed Fees?

Fixed fees, also known as flat fees, involve a set price for a specific legal service. This model is commonly used for services where the scope and process are predictable. Examples include drafting wills, handling uncontested divorces, basic real estate transactions, immigration filings, and traffic violations. These types of tasks tend to follow a straightforward process and timeline, making flat fees an effective billing option.

For more complex matters where the outcome is less predictable, attorneys may choose to begin with a flat fee for certain stages and shift to an hourly rate if the case becomes more involved. It's important to have clear communication with your clients about this potential shift in billing. Make sure clients understand what the flat fee covers and under what circumstances the fee arrangement might change.

person on laptop

Why Do Law Firms Offer Fixed Fees?

Fixed fees have clear benefits for both clients and law firms. For clients, hourly billing can quickly get expensive and unpredictable. Fixed fees allow clients to know exactly what they'll pay from the beginning, reducing stress and giving them more control over their legal costs. It's an easier decision for clients when they can balance legal expenses against the value of the outcome.

For law firms, fixed fees eliminate the time you spend on explaining the billing amounts, processes, and charges. You are free to focus your resources on delivering legal services and growing your firm.

What Are Other Types of Fee Arrangements?

There are plenty of alternative fee arrangements beyond fixed fees that can be beneficial for different firms and clients. Here's a breakdown of alternative fee structures that can work for different practices and client needs.

1. Capped Fees

Capped fees offer a compromise between hourly billing and fixed fees, where clients are charged by the hour up to an agreed maximum. While this provides cost certainty, it can sometimes lead to reduced effort from the firm once the cap is hit, as there's no financial incentive to continue the same level of work. Clients may feel protected from excessive costs, but if the case becomes more complex, there's a risk that quality suffers or important tasks get delayed.

2. Partial Fixed Fees

Partial fixed fees blend both fixed and hourly rates. For instance, a firm might offer a fixed fee for the initial phases of a case and then switch to hourly billing for more complex stages like negotiation or trial. A hybrid approach like this can be appealing when certain aspects of a case are routine, but other parts remain unpredictable. It's important to clearly define when the billing method will change so clients aren't caught off guard.

3. Blended Fees

Blended fees involve charging a single hourly rate for all attorneys working on a matter, regardless of their typical billing rate. While this structure can simplify billing and offer predictability to clients, it also comes with risks. Firms may end up relying too heavily on junior attorneys, who typically bill lower but may lack the experience needed to handle complex tasks efficiently. More senior attorneys, whose higher expertise is baked into the rate, might contribute less than expected, potentially leading to inefficiencies and dissatisfaction.

To avoid these issues, you must manage expectations and be transparent about the staffing mix. Establish a detailed plan that outlines how work will be divided between junior and senior attorneys, ensuring that the blended rate reflects an effective balance of cost-efficiency and high-quality legal work.

4. Performance-Based Fees

Performance-based fees tie part of an attorney's compensation to specific outcomes, rewarding successful results like a favorable settlement or winning a case. While a base fee may still be earned regardless of the outcome, additional compensation is linked to achieving agreed-upon milestones. A performance-based fee aligns attorney incentives with client objectives, driving a stronger focus on results rather than simply hours worked.

Performance-based pay structures are particularly effective for firms looking to motivate their attorneys, enhance efficiency, and foster a more goal-oriented approach to legal work. However, it's essential for firms to clearly define performance metrics upfront to avoid potential disputes over what qualifies as a successful outcome.

5. Sliding Scale Fees

Affordability is a concern for many clients and may influence their decision to choose one firm over another — or access legal services at all. Sliding scale fees are based on a client's ability to pay, giving them lower hourly or fixed fees that are more affordable. While sliding scale fees may not maximize profit, they can help firms fulfill community service goals or broaden their client base.

6. Unbundled Legal Services

Unbundled legal services allow clients to hire an attorney for specific parts of their case rather than full representation. Also known as “a la carte” legal services, this model lets clients manage aspects of their cases on their own while getting legal assistance for key tasks like document preparation, legal advice, or court appearances.

For example, in family law matters like divorce, a client might hire a lawyer to draft important filings but choose to represent themselves in simpler hearings. Unbundled services are particularly useful for clients who need help with certain steps but can't afford — or don't require — full representation throughout the entire case.

7. Contingency Fees

In a contingency fee arrangement, the lawyer is paid only if the case is won, typically as a percentage of the client's recovery. This type of fee is common in personal injury cases, medical malpractice, and other high-stakes litigation where clients might not have the means to pay upfront. However, [contingency fees are generally not allowed in criminal or family law cases](#), so firms need to be aware of local rules.

8. Subscription Fees

Subscription fees allow clients to pay a fixed monthly rate for continuous access to legal services. Instead of relying on hourly billing, clients can enjoy predictable

costs for services such as consultations, document reviews, and ongoing legal advice. It's a practical option for businesses or individuals who frequently need legal assistance while avoiding fluctuating legal bills.

Law firms benefit by creating steady income streams and fostering long-term relationships with clients. Tailored subscription packages based on the client's specific needs can improve communication and provide consistent support. Regular contact between the firm and its clients promotes ongoing collaboration, making it a mutually beneficial arrangement.

person paying with credit card online

What Are Common Law Firm Payment Methods?

When considering whether to offer fixed fees at your firm, it's essential to also think about how you'll collect payments. Law firms have long accepted checks and cash as payment for their services. But those methods come with their own hassles — waiting on checks in the mail, making trips to the bank, and chasing down overdue payments. It's not the most efficient system, and it can leave both firms and clients frustrated.

With the shift toward fixed fees and other alternative fee arrangements, many firms are turning to electronic payments for a smoother, faster process. Clients can now pay with credit or debit cards, use ACH transfers, or access secure online portals to settle their bills. Some firms are even branching out to [accept cryptocurrency](#), offering more flexibility for clients who prefer alternative payment options.

Legal practice management software, like Bill4Time, takes this convenience a step further. It has [payment processing integrated into the same platform where you manage your cases and billing](#), so you don't have to juggle multiple systems. Instead of chasing payments manually, lawyers can automate the process of sending invoices and receiving payments all in one place. You can also set up fixed fee payments, contingency fees, and multiple other fee arrangements.

By simply offering online payments at your law firm, you can experience a [22% decrease in accounts receivable](#). Check it out for yourself in a live demo — schedule today by clicking below.

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