INDEPENDENCE OF LAWYER - Compensation for non-lawyer employees may ethically be based upon a profit sharing arrangement.

The Ethics Committee of The Mississippi Bar has been asked to render an opinion on the following proposed compensation arrangements:

First Proposal

All associates and paralegals who bill a specified number of hours or more during the year will be eligible for a bonus. The dollar amount of the bonus fund will be based on the number of hours in excess of the specified minimum which are billed to the client and collected. The fund will be divided among eligible associates and paralegals, with a specified percentage being paid to the partners.

Second Proposal

A bonus will be paid in the same manner as specified in Paragraph (1). However, separate bonus funds will be maintained for associates and for paralegals. Any bonus paid to paralegals would be based only on paralegal hours billed and collected.

The Mississippi Rules of Professional Conduct Rule 5.4(a) (3) provides: A lawyer or law firm may include non-lawyer employees in a compensation or retirement plan, even though the plan is based in whole or in part on a profit-sharing arrangement.

It is clear that the inclusion of the word "compensation" in the Mississippi Rules of Professional Conduct was deliberate and was intended to allow the type of bonus programs which are proposed.

The Committee is, therefore, of the opinion that there is no prohibition from adopting either of the proposed compensation arrangements.