

Step-By-Step Guide to Estimating Your Legal Fees

BE ON THE FOREFOOT OF ANY HIDDEN FEES

What you'll need.

In order to estimate your legal fees, it's important you have an understanding of the three main components of a legal bill. These three components are:

1. Service/Professional Fees;
2. Disbursements; and
3. Care and Consideration or Uplift Fees.

You'll need to know what each of these are and what your firm of choice respectively charges for them. We have [an article dedicated to this](#), as well as an audit with a list of questions to ask your firm.

You'll also need to have:

4. An estimate of your settlement amount; and
5. Your statutory refunds.

An estimation of your settlement amount (which a lawyer might refer to as your 'quantum') can be as easy as asking your lawyer for their estimate. If you haven't engaged a lawyer yet and want to estimate your fees before getting a lawyer, you'll be able to do so in our Quantum Guide (coming soon).

Your statutory refunds are monies that you're in receipt of from government bodies. If you aren't in receipt of any benefits, naturally, this number will be \$0. However, if you are in receipt of benefits, you can follow [our article here](#) to [estimate what amount will need to be refunded](#).

Getting started.

Now that you know what figures you need to get started, list them out below to make the proceeding steps simpler:

1. Your estimated settlement amount:
2. Your estimated service/professional fees:
3. Your estimated disbursements:
4. Your care and consideration or uplift percentage:
5. Your estimated statutory refunds:

As your legal bill is a portion or a percentage of your compensation, it's easier to start with your settlement estimation and work downwards.

Estimating your legal fees.

STEP 1: THE 50% MAXIMUM

The 50/50 Rule is a statutory formula that defines the maximum a no-win no-fee lawyer can charge their client.

The formula, as outlined in the Legal Professions Act (LPA), is defined as followed:

$$[E-(R+D)] \times 0.50$$

Where:

E = settlement offer

R = statutory refunds (refunds to Workcover, Medicare, Centrelink, etc.)

D = disbursements

If we were to replace the letters with their meanings, we get something a bit more manageable:

$$[\text{Settlement offer} - (\text{statutory refunds} + \text{disbursements})] \times 50\%$$

You can now put your own figures into this equation:

$$\begin{aligned}
 & [\$ \quad \quad \quad - (\$ \quad \quad \quad + \$ \quad \quad \quad)] \times 50\% \\
 & \quad \quad \quad \text{Settlement Offer} \quad \quad \quad \text{Statutory Refunds} \quad \quad \quad \text{Disbursements} \\
 = & [\$ \quad \quad \quad - \$ \quad \quad \quad] \times 50\% \\
 = & \$ \quad \quad \quad \times 50\% \\
 = & \$ \quad \quad \quad \\
 & \quad \quad \quad \text{Estimated Maximum Costs}
 \end{aligned}$$

You now have the estimated maximum that your lawyer could charge you.

If your lawyer doesn't charge care & conduct or uplift, then this is the final step to calculating the amount you should pay in legal fees.

Between the service fees and the 50% upper limit, you will pay the lower of the two.

In most circumstances, however, they will be charging uplift or care and consideration, so we'll take a look at how they fit in in the next step.

STEP 2: UPLIFT AND CARE & CONSIDERATION

Uplift and care & consideration are charged as a percentage of the service fees. That means you apply the percentage outlined in the cost agreement to the service fees you've received.

To do this, you use the following formula:

$$\begin{aligned}
 & (\$ \text{ Service/Professional Fee} \times \text{Uplift/Care \& Consideration \%}) + \$ \text{ Service/Professional Fee} \\
 = & \$ \text{ Uplift/Care \& Consideration} + \$ \text{ Service/Professional Fee} \\
 = & \$ \text{ Total Fee}
 \end{aligned}$$

STEP 3: TOTAL AMOUNT

Your total estimate for the maximum legal fees you could be charged will be the lower of the figure's in Step 1 and 2.

That is to say, if your 'Total Fee' from Step 2 is above the 50% threshold you identified in Step 1, then you will be charged the 50% - the lower amount.

If the 50% threshold from Step 1 is less than the total fee from Step 2, then you will be charged the 50% threshold - the lower amount.

ESTIMATED TOTAL MAXIMUM \$ _____

There are some instances where you will pay both less than this amount (fee recovery from the other side), or more than this amount (fraudulent claimants).

We explain both of these situations [in our article here](#).

Your estimated total maximum will naturally fluctuate as your claim progresses, however the formula will always remain consistent.

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