

Practical ideas for reducing financial stress

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Maintaining your health and wellbeing includes managing your finances. This can be especially challenging in the first few years of practice.

Perhaps you've just started at the bar and left behind regular income, or you're getting limited briefs, or taking on the liability of a room. Add to that the pressure of building your practice, becoming an advocate, the shrinking work of the junior bar and, of course, COVID-19. It can easily become overwhelming.

Here are a few ideas that may assist with keeping the financial stress down.

MANAGING YOUR PRACTICE

1. Use an invoicing or accounting system that works for you.

Some apps manage just invoices, others can track your billables as well. Most can complete your BAS, send reminders for invoices, track bank account transactions for your income and expenses, saving you time and importantly, reducing stress.

2. Follow-up unpaid invoices promptly.

Overdue invoices can often be solved by a reminder email (or two). Most invoicing systems can email reminders automatically or with a few clicks. If you have a clerk, they may be able to assist you. The NSW Bar Association also has a Fee Recovery service for invoices outstanding after 90 days.

3. Set aside revenue for your tax liabilities.

Tax for barristers is primarily GST and income tax. Put aside a percentage of any payments you receive to cover your tax liabilities when they fall due. Your accountant can help you estimate what this might be.

4. Seek professional financial advice before considering taking on any fixed liabilities for your business.

COSTS AGREEMENTS AND SECURING YOUR FEES

Here are few ideas on ways to reduce the risk of not getting paid:

1. Ask for money to be placed in trust before you commence working the brief. If necessary, get funds in trust to start the work and request top ups as the case goes on. Make sure there are funds in advance of the hearing (about 4 weeks) to cover your appearance fees.
2. Ensure your costs agreement renders your instructing solicitors liable for your fees (whether or not the client pays them).
3. Invoice regularly and/or after key events. Pleadings settled, send a bill. Ran a motion, send a bill. Evidence settled, send a bill. This helps your cash flow and prevents the client getting bill shock. It is also an indicator as to whether you can expect to be paid for future work.
4. Fixed fee agreements can unlock opportunities for junior briefs. Consider:
 - (a) What is the scope – start to end or discrete stages? The wider the scope, the higher the risk of additional work which you hadn't contemplated when taking on the brief. Exclude work from the scope if necessary (e.g. interlocutory applications, directions, drafting of documents).
 - (b) Fixing a fee for certain stages (e.g. drafting of pleadings, preparation of evidence, mediations, final hearing, bail applications, sentencing hearing). This gives you exit points if necessary.
 - (c) Adding terms to your costs agreement (e.g. revisiting the costs agreement if a cross-claim is filed or there is substantial change in the prospects of success).
5. Conditional costs agreements are common and can be risky (i.e. work now, maybe get paid later). Some questions to ask yourself:
 - (a) What are the prospects of success? If unled, do I have the skills to get the case over the line? Has a barrister previously given advice on prospects? (It may assist with your assessment of the strength of the case).
 - (b) What is the scope of the brief? How many hours will I be required to work the brief? How familiar am I with the area of law? Will I learn something?
 - (c) Will taking on this conditional brief prevent me from taking fully paid briefs or prejudice my other commitments? Am I taking on too many conditional briefs?
6. Direct access briefs can be a double-edged sword. They're often small disputes and are an opportunity to get on your feet. However, there is a higher risk of not getting paid for the work you do (particularly if you lose). Using NAB Escrow might be helpful. Clients can pay money into escrow and once the work is invoiced, you can request the funds be released.

NEED SOME HELP?

If you're facing financial stress or need some help, some avenues of assistance you may wish to try are:

BarCare

Here, you can access counsellors, psychologists, and career management specialists.

Financial advisers and tax accountants

They can assist with budgeting, tax and cash flow planning, and debt structuring.

Government and not-for-profit services

You can access helpful information online or contact financial counsellors (i.e., Services Australia, National Debt Helpline).

Reach out to a trusted colleague to see if they have any helpful insights

A quiet chat with a silk or senior junior may also give you some guidance.