



ATTORNEY CONTINGENCY FEE AGREEMENT *QUESTIONS AND ANSWERS*

1. What is a contingency fee agreement?

A contingency fee agreement is a written contract between you and your attorney where you pay your attorney a percentage of your recovery or award if you settle or win your lawsuit. Unlike an hourly fee agreement where you pay your attorney an hourly rate whether you win or lose, in a contingency fee agreement, you pay your attorney no fee if you lose your law suit.

2. In addition to the contingency fee, what costs will I pay in litigation?

Costs include expert fees (preparation, travel, lodging and hourly rate for testimony), valuation experts and reports, exhibits, messengers, photocopying, court reporters, court and filing fees, and more.

3. Does it cost me more money if the attorney fees are based on my GROSS settlement instead of my NET settlement?

It certainly does. Attorney fees based on GROSS settlement amounts will **always** cost you more than attorney fees based on NET amounts because the attorney is collecting fees off your litigation costs.

- Attorney fees taken on your **gross** settlement means you will be paying attorney fees on the **costs** of your litigation.
- Attorney fees taken only on the **net** proceeds means you will **not** pay attorneys fees on the **costs** of your litigation.

4. Could I still owe my attorney money even if I lose my case?

Yes, your attorney can charge you expenses even if you lose. You could lose—or win a small settlement—and still owe the attorney for costs.

5. Can a contingency fee attorney ask for “up-front” money in exchange for a reduction in the percentage they charge?

Yes, but this may be a red flag the attorney is underfunded or not confident enough in your case to risk his or her own resources. Besides, what happens to any up-front money you paid if your attorney loses or runs out of funds?

COSTS and FEES

- Legal costs and expenses must be **DIRECTLY RELATED** to your case and should be spent wisely and effectively.
- If you lose your case, the court could rule that you must pay the legal costs of the winning defendant.
- Expenses in any lawsuit, even shared or prorated with other plaintiffs, can be considerable.
- Determine if the lawyer you hire has sufficient economic resources so you do not put any of your money at risk.
- Attorney fee percentage is **NEGOTIABLE**.
- Negotiate attorney fees based on GROSS to apply only to your NET recovery.

Example: You win a \$100,000 settlement with legal costs of \$10,000. The **NET** settlement is \$90,000.

40% contingency fee on GROSS (\$100,000):	\$40,000
40% contingency fee on NET (\$90,000):	\$36,000

YOUR FINAL RECOVERY is:

If fees are on GROSS	\$50,000
If fees are on NET	\$54,000

In this example, you will receive \$4,000 more when your contingency fee is based on NET.