

ARTIFACT 01 — ENGAGEMENT-LETTER CLAUSE LIBRARY

Five clauses. Specific consent, not boilerplate.

Calibrated to ABA Op. 512, Florida 24-1, California Practical Guidance, NYSBA Task Force, and Texas Op. 705. Bracketed values for firm replacement. Ethics partner reviews and approves before deployment.

1. AI-use disclosure (multi-state default).

In connection with the Matter, we may use the following generative AI tools: [AUTHORIZED TOOLS]. These tools may be used for [CATEGORIES OF WORK]. Each authorized tool operates in a tenant-isolated environment configured so that inputs are not used to train the underlying model and are not accessible to other tenants. We will obtain separate written consent before using any tool not listed above.

2. Rule 1.6 informed consent (matters with confidential information).

Where the use of an authorized generative AI tool would involve the disclosure of any of your confidential information to the tool's underlying model, we will obtain your informed consent in writing before that disclosure. The information we will provide in seeking consent will include the specific tool, the kinds of information disclosed, the vendor's tenant-isolation and data-handling posture, the alternatives considered, and the benefits and risks.

Boilerplate consent will not satisfy this clause.

3. Rule 1.5 fee treatment.

Where the Matter is billed hourly, we will bill only for time actually expended. Where AI is used and reduces task time, that saving will be reflected in the invoice; we will not bill for time the lawyer did not spend. We may bill for time spent reviewing, refining, or verifying AI output where performed by the responsible attorney. Where the Matter is on a flat, contingent, or AFA, the fee reflects the value of the work product to be delivered; we will preserve internal records sufficient to demonstrate continued reasonableness under Rule 1.5(a).

4. AI subscription cost pass-through posture.

The firm treats the cost of authorized AI tools as office overhead by default. Where the firm seeks to charge you for a portion of an AI tool's cost or on a per-use basis, we will explain the proposed charge in writing and obtain your written consent before incurring it. Any AI cost charged to you will be itemized on the invoice.

5. Matter-team-staffing disclosure.

Generative AI is treated as nonlawyer assistance under Rule 5.3. Where AI is used on the Matter, the responsible attorney supervises and verifies AI output before any use, filing, or transmission. Where the Matter would otherwise have been staffed by a paralegal or junior associate and is instead staffed by a partner-plus-AI, we will inform you of that staffing decision; the result will not increase the fee charged.

Adopted by [MANAGING PARTNER NAME], Managing Partner. Reviewed by [ETHICS PARTNER NAME], Ethics Partner. Effective [DATE].

Anchored to ABA Formal Opinion 512 (July 29, 2024); Texas State Bar Op. 705 (Feb 2025); Florida Bar Ethics Op. 24-1 (Jan 2024); California State Bar Practical Guidance (Nov 2023); DC Bar Op. 388 (Apr 2024); NYSBA Task Force on AI Report (Apr 2024); PA-Phila. Bar Joint Formal Op. 2024-200 (May 2024). Full sources, operative-language excerpts, and the 30-row OCG-clause crosswalk in the 38-page reading version at zusmanpartners.com/law-firms/ai-engagement-letter-fee-billing.

ARTIFACT 02 — AI FEE-TREATMENT DECISION MATRIX

Five fee structures. The bill the firm sends and the matter file the carrier audits.

The artifact the CFO and the ethics partner read together. Each row maps a fee structure to the AI-saved-time outcome, the engagement-letter language required, and the pre-bill documentation the matter file must contain.

FEE STRUCTURE	AI-MADE-TIME OUTCOME	ENG-LETTER CLAUSE	PRE-BILL DOCUMENTATION
Hourly	Bill only actual hours expended; do not bill saved time. Bill review/refinement of AI output as ordinary attorney time.	§§ 1, 3	Time-entry narrative distinguishing AI-output review from drafting; supervisor-review record; AI-tool-usage log.
Discounted hourly	Discount applied at the rate level, not via fictional hours. Bill only actual hours at the discounted rate.	§§ 1, 3 + rate	Same as hourly + rate-discount documentation in matter file.
Fixed (flat) fee	Fee remains payable at the agreed amount if it remains reasonable under Rule 1.5(a) factors at time of charging.	§§ 1, 3 + scope	Reasonableness memo at engagement open and at close; matter-file note recording AI use and value delivered.
Contingent	Fee remains payable per the contingency formula; AI does not change the formula. Rule 1.5(a) factors apply at time of charging.	§§ 1, 3; Rule 1.5(c) writing	Result-and-recovery documentation; AI-use note in matter file.
Blended AFA	Cap and success fee remain payable per AFA terms; monthly subscription continues per the AFA.	§§ 1, 3 + AFA-specific scope	Monthly matter-status memo; cap-tracking ledger; AI-material-matter flag in time entries.

THREE NAMED EXCEPTIONS — fully detailed in the 38-page reading version. (1) *Matter acceleration* — where AI delivers independent value to client (deal closes in a window), an AFA reflecting that value is permissible with a value-to-client recital. (2) *Novel-issue research* — tool-specific learning time the client specifically requested is billable on hourly; general AI training is not. (3) *Supervised verification* — cite-check, fact-check, and source-pull time is ordinary attorney time and billable on hourly.

HOW TO FORWARD

The administrator forwards both pages to the managing partner. The managing partner forwards to the ethics partner and the CFO. The ethics partner forwards to the malpractice carrier broker. Each link in the chain receives a self-contained artifact — no cover note required.

THREE QUOTES FROM THE REGULATORS

Boilerplate consent included in engagement letters will not be adequate.

— ABA Formal Opinion 512 (July 29, 2024)

A lawyer who has undertaken to bill on an hourly basis is never justified in charging a client for hours not actually expended.

— Texas State Bar Opinion 705 (February 2025)

A lawyer must not charge the client the time saved due to the use of GenAI.

— California State Bar Practical Guidance (November 16, 2023)

Companion to the 5-clause language pack on the front. 38-page reading version, 30-row OCG crosswalk, and 13-state overlay at zusmanpartners.com/law-firms/ai-engagement-letter-fee-billing. Diagnostic engagement: bookable at zusmanpartners.com/contact. Direct: todd@zusmanpartners.com.