

## Tariff Talk: What's Real and What's Noise

Recently, the U.S. Supreme Court ruled that certain broad tariffs imposed under emergency powers exceeded executive authority, stating that Congress holds power over sweeping tariff taxes. In response, the administration announced a new global tariff increase under a different legal pathway, initially at 10% and later adjusted to 15%.

Markets moved in response, as they often do when uncertainty increases. But it's important to separate a headline from a long-term shift.

### What This Actually Means

Tariffs are taxes on imported goods. Changes in tariffs can affect company costs and, over time, consumer prices. But these effects typically unfold gradually.

Financial markets, on the other hand, adjust immediately based on expectations. That's why you may see noticeable market swings even though the real-world impact may take months to develop. Moments like this can feel bigger than they ultimately prove to be.

### The Real Risk During Policy Shifts

When uncertainty increases, emotional reactions often have a greater impact on financial plans than the volatility itself. These reactions are normal. The goal is not to eliminate emotion, but to recognize when it may be influencing decisions. Here are three behaviors to watch out for:

- 1. Recency Bias:** We tend to overemphasize recent events and assume that what just happened will continue. If markets fall sharply, it can feel like the beginning of a prolonged downturn. If they rally, it can feel like the risk has passed. In reality, short-term moves rarely predict long-term outcomes.
- 2. Availability Bias:** When headlines dominate the news cycle, they feel more important than other economic factors quietly at work. Trade policy is one input among many. Inflation trends, interest rates, earnings growth, and consumer behavior often have a much larger long-term impact.
- 3. Loss Aversion:** We feel losses more intensely than gains of the same size. During periods of volatility, that emotional discomfort can push investors to make defensive moves. Selling to avoid further pain can lock in losses and reduce long-term opportunity.

### What You Can Do

A well-constructed financial plan assumes that policies will change, markets will react, and uncertainty will appear at inconvenient times. Diversification, appropriate risk

exposure, and alignment with your time horizon are designed specifically for environments like this. Tariffs themselves are rarely what derail long-term plans. What tends to create bigger impact is reacting too quickly to short-term noise.

A Financial Professional helps you recognize behavioral blind spots, create space between headlines and decisions, and stay disciplined when uncertainty rises. Markets will continue to react to policy changes, and headlines will continue to shift. What doesn't change is the importance of having a plan that reflects your goals, your time horizon, and your tolerance for uncertainty.