Pearl Meyer

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Quick Poll: The Anticipated Impact of Tariffs on Incentive Plans



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Pearl Meyer's recent Quick Poll on "The Anticipated Impact of Tariffs on Incentive Plans" was conducted between April 9 and April 22, 2025. Board directors, management, and HR professionals at 146 organizations provided their viewpoints.

This quick poll was designed to gather real-time information on how boards and management teams are thinking about the impact of tariffs on business results, and the corresponding performance metrics for short- and long-term incentive plans.

Key Takeaways:

- Companies anticipate negative financial effects from tariffs, but few are planning to adjust goals. While more than 75% of respondents expect tariffs to meaningfully impact financial results, nearly 40% say they have no plans to adjust short-term incentive goals, and nearly half do not intend to modify in-flight long-term performance plan goals.
- Tariffs have not been widely discussed in relation to incentive goals—yet. While the issue is on everyone's radar, most respondents say it has not been formally raised with the board or compensation committee. Still, nearly a quarter say tariff impacts are already being discussed, indicating growing awareness and concern.
- Most companies have used discretion sparingly, typically to increase payouts. When applied, discretion was nearly three times more likely to result in increased payouts than reductions, with most upward adjustments reported in the consumer, financial, and healthcare sectors. Notably, fewer than a quarter of respondents say they have used discretion in the past three years in response to unplanned events that materially affected performance.

Download the Executive Summary for more data and analysis.

About the Author

Jan brings 30+ years of executive compensation and governance experience, advising boards and management on strategic human capital decisions tied to long-term value creation.

About Pearl Meyer

Pearl Meyer is the leading advisor to boards and senior management helping organizations build, develop, and reward great leadership teams that drive long-term success. Our strategy-driven compensation and leadership consulting services act as powerful catalysts for value creation and competitive advantage by addressing the critical links between people and outcomes. Our clients stand at the forefront of their industries and range from emerging high-growth, not-for-profit, and private organizations to the Fortune 500.