



The Gap Between Knowing and Doing

A conversation with behaviorist Katy Milkman on the science of decision-making, and what it really takes to turn intention into action.

Stephanie Birrell Luedke, CFA
Head of Neuberger Wealth

Knowing what to do is rarely the hard part of planning. Following through, without letting procrastination take over, is where many families can get stuck, and where preparedness quietly falls apart.

Leading Neuberger Wealth, I see this pattern regularly, in generational wealth transfers, in business transitions and in addressing concerns that families do not always feel comfortable raising out loud. Our clients are thoughtful and well informed. What I observe is not a lack of clarity but a gap between knowing what needs to happen and doing it. A plan sits unfinished, a conversation gets postponed and a family assumes there will be more time later.



That gap does not close through willpower alone. It closes when people understand how they actually make decisions and how to build the right conditions around them. That is the science I wanted to explore with Katy Milkman, a Wharton behavioral scientist whose research offers some of the sharpest thinking I have encountered on why we procrastinate and what reliably moves us to act.

In my view, families are best prepared when they do this work early, on their own terms and with the right people beside them. It becomes far harder once a crisis forces the decision instead. We call this the knowing-doing gap. It is human nature, not a personal failing, and understanding this is where real preparedness begins. That is why I sat down with Katy.

Present Bias

Stephanie: We spend a great deal of time helping individuals and families prepare for moments that may still be years away. Yet even when people understand the importance of planning, taking that first step can be difficult. Why do we postpone decisions that we know will benefit our future selves?

Katy: The academic term is present bias, though in plain language I tend to call it impulsivity. Research across neuroscience, psychology and economics tells us the same thing again and again. We value instant gratification more than a reward that is even slightly delayed. In an ideal world, we would plan calmly for retirement and for every family transition we can see coming.¹

In practice, we discount the future sharply. That is why, when someone tells you they are starting a diet next week, you are right to be a little skeptical. You suspect that when next week rolls around, they may again say they'll be starting their diet in the future. That's because "future you" wants to be healthy. "Present you" wants to feel good right now. This is not a character flaw; it is how the human mind is built.

The good news is that behavioral scientists have studied lots of tools to set ourselves up for success once we recognize that this is just a feature of the human operating system.



About Katy Milkman

Katy is the James G. Dinan Professor at the Wharton School of the University of Pennsylvania and Co-Director of the Behavior Change for Good Initiative. She is the author of *How to Change: The Science of Getting from Where You Are to Where You Want to Be*, which *The New York Times* named one of the eight best books for healthy living in 2021. Katy was also recognized in 2021, 2023 and 2025 by Thinkers50 as one of the world's top 50 management thinkers, and in 2021 it named her the world's top strategy thinker.

Pre-Commitment and Procrastination

Stephanie: We often see our clients encounter similar friction points, especially in estate planning. They typically follow this sequence: A plan is created, they move assets into trusts, which often means relinquishing some control, and then they tell their family members, especially their children, what is coming. Clients often tell me they do not feel ready for that last step. Is procrastination a failure of willpower or a failure to create the right conditions, and how can we help?

Katy: Procrastination is such a common problem, and it comes from present bias. We put off until later what we don't want to do right now because it's not instantly gratifying. We say next week, next month, but not now—I don't want to have this hard conversation now.

Willpower is the weakest tool we have for this. In my view, what works far better is pre-commitment or a commitment device. A commitment device works by locking in a specific date, telling someone else what you plan to do or creating a real cost to backing out, so that following through becomes easier than avoidance. Parents instinctively create these kinds of costs for failed follow-through with children, and good managers do so with their teams. They do not simply hope someone gets something done; they build accountability around it. For families facing a hard conversation, the same logic applies. Put the conversation on the calendar. Tell the person in advance what you want to discuss. Once it is scheduled and named, backing out costs something, and that small cost is often exactly what carries people through.²

Three Steps to Lock In Commitment

1. Pick a specific date, time and location. Don't leave things vague.
2. Tell the other person what you want to discuss, in advance.
3. Create a small cost to backing out, whether social (because you've told someone) or literal (because you've put something on the line).

Small Steps

Stephanie: We often work with families facing decisions that feel complex and overwhelming. We have found that breaking those decisions into smaller steps makes them feel more manageable. What does behavioral science tell us about identifying the right first step? And what makes that step specific enough to actually prompt action?

Katy: That instinct is exactly right, and the research backs it up. The correct first step is not the one that covers the most ground; it is the one that is small enough to feel immediately doable, because bite-sized goals are what actually get people moving.

There is a striking study we did with Crisis Text Line, where volunteers who had committed to 200 hours of service over a year were either reminded of that on a weekly basis and encouraged to volunteer a little bit each week to meet that goal, or they were reminded that their commitment meant volunteering four hours per week. The math was identical either way, but framing the commitment in terms of concrete, small, weekly goals produced about 10% more follow-through.³ Other researchers saw the same pattern in a savings study, where people who were asked to save five dollars per day each month were more than four times as willing to save than those asked to save \$150 per month. The total was the same; the size of the step was what changed.⁴

Planning Amid Uncertainty

Stephanie: Families often tell me they are waiting to finish plans because they do not know what the future holds. How should we think about planning through real uncertainty?

Katy: This is related to what's called the "disjunction effect," and Eldar Shafir and Amos Tversky documented it beautifully. In one study, students had to decide whether to book a Hawaiian vacation after taking an important qualifying exam. Those who knew their result, either passing or failing, booked the trip at high rates. Those who did not yet know their result mostly chose to wait, even though that cost them a deadline discount. Not knowing the outcome froze people, even though the most preferred choice was the same regardless of the outcome.⁵

The lesson for families is to walk through each branch of a decision in advance. Think, "If X happens, here is the plan. If Y happens, here is the plan." Once you have mapped the branches, especially if you find yourself favoring the same plan regardless of unknown outcomes, uncertainty stops being a reason to wait.

Market Volatility and Emotional Decision-Making

Stephanie: I have often watched steady, thoughtful clients second-guess a long-term plan the moment the headlines turn unsettling. What happens to our decision-making when uncertainty or emotions run high?

Katy: Daniel Kahneman gave us a useful way to think about this. Recognize that, roughly speaking, you have two “systems” for thinking. System One is fast, reactive and driven by shortcuts. System Two is slow, deliberate and logical.⁶ Under stress or high emotion, we tend to rely more on System One, even when the decision in front of us calls for System Two thinking. Alex Edmans has a striking example of this. In his research, he found that a country’s stock market tended to drop by roughly half a percentage point after its national team was eliminated from the World Cup. Nothing about the economy had changed; only the mood did, and System One thinking and strong emotions led people to sell their stock.⁷ So, what is the best advice? Richard Thaler puts it simply. Read the sports page, not the financial news, and check your holdings infrequently rather than reactively. The less often you look during a turbulent stretch, the less often you give your emotions a chance to override your well-reasoned System Two plan.

Stephanie: What can guard against this, beyond simply taking a breath?

Katy: A reliable safeguard is talking to a trusted voice with a longer view before acting on impulse. A simple personal rule might be something like: “I will not make a trade until I have talked it through with someone I trust,” and that forces a pause and gives System Two a chance to catch up. That single rule is likely to do more for you than willpower alone ever could.

Family Readiness Gaps

Stephanie: Planning becomes more complicated when spouses, partners or generations bring different priorities and different levels of readiness to the table. This is one of the more delicate situations we navigate: when one family member is ready to move forward while another prefers to wait. What can help a group progress when its members are not starting from the same place?

Signs of a ‘Hot State’ and What Can Help

The signs:

- Tunnel vision that narrows focus to the immediate moment
- Quick, reactive decisions driven by System One thinking rather than reasoned judgment
- An urge to act now, whether that means pulling back sharply or chasing a reaction to the headlines
- Strong emotions

What helps:

- Talking things through with a trusted person who has a longer-view perspective before acting
- A personal rule: no trades or decisions until that conversation happens

Katy: I think of this as a persuasion challenge more than a planning challenge. People are more likely to move once they see what similar families have already done successfully. Those who favor action can point to a norm, such as “families like ours typically complete this step by a certain age or stage,” or a specific family that handled it well, whether the trigger was a child’s marriage, a health diagnosis or a milestone birthday.⁸ Providing justification also matters. If the hesitant family member understands exactly why now may be the right moment, rather than simply being told that it is, they are more likely to engage instead of digging in.

Fraud and Personal Security

Stephanie: In recent years, fraud attempts across the industry have surged to a degree that is genuinely alarming, and the financial harm has been real and widespread. People often know the risk exists, yet they assume that it will not happen to them. Are those the same behavioral biases we were just discussing or is something else at work here?

Katy: Two additional biases matter here. The first is that we tend to believe a risk is lower if we've had no personal experience with a bad outcome from it and don't have a vivid picture of what it's like. Our experience teaches us that this thing—here, a scam—has never happened to us, so it must be rare. We often underweight dangers that we have not personally lived through, even catastrophic ones like scams (while ironically overweighting rarer risks we can vividly picture, such as a shark attack). The second relevant bias is overconfidence, whether it's driving a car or, in this case, judging whether a situation is a scam. That combination leads to a dangerous assumption: "I will never fall for something like that." In reality, the people targeted by sophisticated fraud are often intelligent, careful and financially literate. Scams are built specifically to exploit trust and urgency, not ignorance. (For more on this topic, see "Fraud Protection Across an Evolving Threatscape" on page 18.)

Fresh Start Effect

Stephanie: I have noticed our clients are far more open to planning-related conversations at certain moments than others: a new year, a milestone birthday, a transition in their business. Why do these moments make people more receptive to action?

Katy: We call this the "fresh start effect."⁹ People tend to think of their lives in chapters rather than as one continuous timeline. A new year, a birthday, a new week, even a Monday, creates a chapter break and a sense of psychological distance from past missteps or struggles in the last chapter. It lets someone think "that was the old me" rather than "that is still me." That distance generates real optimism and a genuine openness to setting new goals. People also tend to step back and think big-picture at chapter breaks. Families and individuals are naturally more receptive to change for these reasons right after one of these fresh-start moments than they are on an ordinary Tuesday in the middle of an unremarkable month.

Fresh Start Checklist

- A new year, birthday or anniversary
- A career or business transition
- A move or life change
- The start of a new week—even Mondays count
- Use these moments to revisit or begin planning conversations

Growth Mindset and Setbacks

Stephanie: How can we design plans that allow for imperfection without losing sight of the larger goal, given that markets change and timelines shift?

Katy: Carol Dweck's research on mindset is useful here.¹⁰ A fixed mindset treats a setback as proof of some permanent limitation. "I've failed, so I must not be capable of this." A growth mindset treats the same setback as information—something to learn from and use to refine your plan. Markets shift. Timelines move. Families change their minds. None of that means that you or your plan failed. It means it's an opportunity to learn, grow and respond to new information, which is exactly what a good plan should do. Fostering that mindset in yourself, and modeling it for your family, will make you far more resilient.

From Intention to Action

Stephanie: What is one thing someone can do today to move from intention to action on a decision they have been postponing?

Katy: Open your calendar. Find a date, a time and choose a place. Send a calendar invite if it involves another person. Make a plan for exactly when you are going to get this done.

Stephanie: Has studying behavioral change affected how you approach your own life? Is there a personal practice that might surprise people?

Katy: Studying this has absolutely changed how I run my own life. One practice I've studied and employ is to do something I call "temptation bundling," which means only allowing yourself to enjoy a temptation you crave while doing something good for you that normally feels like a chore.¹¹ My own version is simple. I only allow myself to watch lowbrow television shows while I am on the elliptical. Once I started doing this, exercising stopped feeling like a chore because I always look forward to watching my favorite shows, and they distract me from the pain of the workout (and eliminate all guilt about watching bad TV). My research backs up the value of this tool as a way to promote follow-through. People follow through far more consistently on a task when it is paired with something fun, rather than when they have to rely on willpower alone to get themselves through it.

Temptation-Bundling Ideas

- Only watch your favorite show while exercising.
- Only mix your favorite drink while cooking a healthy meal.
- Pair a difficult conversation with a reward, like eating at a restaurant whose food you crave.
- Listen to a favorite podcast only while doing household chores.

Final Thoughts

Every family I know wants to protect what matters most to them: What separates families who act from those who wait is not desire. The problem is turning intention into an actual moment: a date, a conversation, a plan that gets made rather than deferred.

Katy gave us the tools to make that shift: a calendar date in place of a someday, a story that carries more weight than a statistic, a setback treated as information rather than defeat. None of this requires certainty about the future. It requires a decision, made now, about how a family chooses to meet it.

Preparedness is not about predicting what comes next; it is about building the trust and clarity to meet it well, on one's own terms and in one's own time. The gap between knowing and doing is part of being human, not a failure of character. Closing it takes more than willpower; it takes structure, timing and a little compassion for how we are actually built.

Closing that gap, one deliberate step at a time, is how families protect not just their wealth, but their agency over what comes next.

Sources

- ¹ O'Donoghue, T., & Rabin, M., "Doing It Now or Later," *American Economic Review* (1999).
- ² Bryan, G., Karlan, D., & Nelson, S., "Commitment Devices," *Annual Review of Economics* (2010).
- ³ Rai, A., Sharif, M. A., Chang, E. H., Milkman, K. L., & Duckworth, A. L., "A Field Experiment on Subgoal Framing to Boost Volunteering: The Trade-Off Between Goal Granularity and Flexibility," *Journal of Applied Psychology* (2023).
- ⁴ Hershfield, H. E., Shu, S., & Benartzi, S., "Temporal Reframing and Participation in a Savings Program: A Field Experiment," *Marketing Science* (2020).
- ⁵ Tversky, A., & Shafir, E., "The Disjunction Effect in Choice Under Uncertainty," *Psychological Science* (1992).
- ⁶ Kahneman, D., *Thinking, Fast and Slow*, Farrar, Straus and Giroux (2011).
- ⁷ Edmans, A., Garcia, D., & Norli, Ø., "Sports Sentiment and Stock Returns," *Journal of Finance* (2007).
- ⁸ Goldstein, N. J., Cialdini, R. B., & Griskevicius, "A Room With a Viewpoint," *Journal of Consumer Research* (2008).
- ⁹ Dai, H., Milkman, K. L., & Riis, J., "The Fresh Start Effect: Temporal Landmarks Motivate Aspirational Behavior," *Management Science* (2014). Dai, H., Milkman, K. L., & Riis, J., "Put Your Imperfections Behind You: Temporal Landmarks Spur Goal Initiation When They Signal New Beginnings," *Psychological Science* (2015). Beshears, J., Dai, H., Milkman, K. L., & Benartzi, S., "Using Fresh Starts to Nudge Increased Retirement Savings," *Organizational Behavior and Human Decision Processes* (2021).
- ¹⁰ Dweck, C. S., *Mindset: The New Psychology of Success*, Random House (2006).
- ¹¹ Milkman, K. L., Minson, J. A., & Volpp, K. G., "Holding the Hunger Games Hostage at the Gym: An Evaluation of Temptation Bundling," *Management Science* (2014).

This material is provided for informational and educational purposes only and nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security. This material is general in nature and is not directed to any category of investors and should not be regarded as individualized, a recommendation, investment advice or a suggestion to engage in or refrain from any investment-related course of action. Investment decisions and the appropriateness of this material should be made based on an investor's individual objectives and circumstances and in consultation with his or her advisors. This material is not intended as a formal research report and should not be relied upon as a basis for making an investment decision. The firm, its employees and advisory clients may hold positions within sectors discussed, including any companies specifically identified. Specific securities identified and described do not represent all of the securities purchased, sold or recommended for advisory clients. It should not be assumed that any investments in securities, companies, sectors or markets identified and described were or will be profitable. Neuberger, as well as its employees, does not provide tax or legal advice. You should consult your accountant, tax adviser and/or attorney for advice concerning your particular circumstances. Information is obtained from sources deemed reliable, but there is no representation or warranty as to its accuracy, completeness or reliability. All information is current as of the date of this material and is subject to change without notice. Any views or opinions expressed may not reflect those of the firm as a whole and Neuberger does not endorse any third-party views expressed. Third-party economic or market estimates discussed herein may or may not be realized and no opinion or representation is being given regarding such estimates. Neuberger products and services may not be available in all jurisdictions or to all client types. The use of tools cannot guarantee performance. Diversification does not guarantee profit or protect against loss in declining markets. As with any investment, there is the possibility of profit as well as the risk of loss. Investing entails risks, including possible loss of principal. Investments in hedge funds and private equity are speculative and involve a higher degree of risk than more traditional investments. Investments in hedge funds and private equity are intended for sophisticated investors only. Unless otherwise indicated, returns reflect reinvestment of dividends and distributions. Indexes are unmanaged and are not available for direct investment. This material may include estimates, outlooks, projections and other "forward-looking statements." Due to a variety of factors, actual events may differ significantly from those presented. Investing entails risks, including possible loss of principal. **Past performance is no guarantee of future results.**

Tax planning and trust and estate administration services are offered by Neuberger Trust Company. "Neuberger Trust Company" is a trade name used by Neuberger Berman Trust Company N.A. and Neuberger Berman Trust Company of Delaware N.A., which are affiliates of Neuberger Berman Group LLC.

Neuberger Berman Investment Advisers LLC is a registered investment adviser. The "Neuberger" name and logo are service marks of Neuberger Berman Group LLC.

NEUBERGER

1290 Avenue of the Americas
New York, NY 10104-0001
neuberger.com