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Gives mathematical context for maximizing rewards or minimizing costs

Optimal stopping problems are by definition dynamic

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- Replacement problems (e.g. machines, infrastructure)

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- It is costly to interview job candidates

- But it is also costly to miss out on the best candidate

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- If continuous time: use Hamiltonians and Differential Equations

- If discrete time: use recursive methods

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- If the time horizon is finite: then we can use dynamic programming
- If the time horizon is infinite: then need to (also) solve for a fixed point

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	Finite Time Horizon	Infinite Time Horizon
Continuous Time	Hamiltonians & Diff. Eq., Finite Differences	Hamiltonians & Diff. Eq., Fin. Diff. & Fixed Point
Discrete Time	Dynamic Programming, Backwards Recursion	Dynamic Programming, Bkw. Recursion & Fixed Point

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