Instructions II: Lottery Pairs

Throughout this study, you will encounter pairs of lotteries. The lotteries, called **Option A** and **Option B,** will each pay out money depending on the color of a randomly drawn ball. We will present these lotteries to you in a table like the one below:

Color	Probability	Option A	Option B
🔴🔴🔴🔴🔴🔴🔴🔴🔴🔴⚪⚪⚪⚪⚪	75%	$10	$15
⚪⚪⚪⚪⚪⚪⚪⚪⚪⚪🔵🔵🔵🔵🔵	25%	$20	$10

The first two columns tell us the *likelihood* of drawing each colored ball. For each lottery pair, there are 20 balls total, one of which will be selected at random to determine payouts.

Color	Probability	Option A	Option B
🔴🔴🔴🔴🔴🔴🔴🔴🔴🔴⚪⚪⚪⚪⚪	75%	$10	$15
⚪⚪⚪⚪⚪⚪⚪⚪⚪⚪🔵🔵🔵🔵🔵	25%	$20	$10

The first column depicts the number of red and blue balls.

This problem has **15 red balls...**

...and **5 blue**

Color	Probability	Option A	Option B
🔴🔴🔴🔴🔴🔴🔴🔴🔴🔴⚪⚪⚪⚪⚪	75%	$10	$15
⚪⚪⚪⚪⚪⚪⚪⚪⚪⚪🔵🔵🔵🔵🔵	25%	$20	$10

The second column expresses the same information as probabilities.

Red will be drawn **75%** of the time

Blue will be drawn **25%** of the time

Color	Probability	Option A	Option B
🔴🔴🔴🔴🔴🔴🔴🔴🔴🔴⚪⚪⚪⚪⚪	75%	$10	$15
⚪⚪⚪⚪⚪⚪⚪⚪⚪⚪🔵🔵🔵🔵🔵	25%	$20	$10

Instructions II: Lottery Pairs

The third and fourth columns tell us how much the options pay out for each ball color.

Color	Probability	Option A	Option B
(red balls)	75%	$10	$15
(blue balls)	25%	$20	$10

If red is drawn, A pays $10, B pays $15

If blue is drawn, A pays $20, B pays $10

Instructions III: Study Tasks

Task 1

For each pair of lotteries you encounter, you will have three tasks. First, you will be asked to **click on the option you would prefer to receive.** Frannie likes **Option B** better than **Option A**, so she clicks on **Option B**.

Frannie prefers
Option B

Which option would you prefer to receive?
Please choose one.

Color	Probability	Option A	Option B
(red balls)	75%	$10	$15
(blue balls)	25%	$20	$10

Option A   Option B

Task 2

Your second task is to tell us how much each lottery is worth to you. We will show you the same table and ask:

How much is each option worth to you in dollars?

Color	Probability	Option A	Option B
(red balls)	75%	$10	$15
(blue balls)	25%	$20	$10

Option A: [ ]
Option B: [ ]

To answer this question, it may help you to think about a sequence of choices of the form:

Would you prefer *Option A* or $X for sure?

When X is small, you'd probably prefer to take Option A...

Q1	Would you prefer:	**Option A**	or	$10
Q2	Would you prefer:	**Option A**	or	$11
Q3	Would you prefer:	Option A	or	$12
Q4	Would you prefer:	Option A	or	$13
Q5	Would you prefer:	Option A	or	$14
Q6	Would you prefer:	Option A	or	$15
Q7	Would you prefer:	Option A	or	$16
Q8	Would you prefer:	Option A	or	$17
Q9	Would you prefer:	Option A	or	$18
Q10	Would you prefer:	Option A	or	$19
Q11	Would you prefer:	Option A	or	$20

Frannie would choose Option A over $10, $11, or $12...

As the sure amount of money get larger, we assume that at some point, **you'll switch to preferring the certain payment** over Option A.

Q1	Would you prefer:	Option A	or	$10
Q2	Would you prefer:	Option A	or	$11
Q3	Would you prefer:	Option A	or	$12
Q4	Would you prefer:	Option A	or	**$13**
Q5	Would you prefer:	Option A	or	**$14**
Q6	Would you prefer:	Option A	or	**$15**
Q7	Would you prefer:	Option A	or	**$16**
Q8	Would you prefer:	Option A	or	**$17**
Q9	Would you prefer:	Option A	or	$18
Q10	Would you prefer:	Option A	or	$19
Q11	Would you prefer:	Option A	or	$20

...but Frannie would choose $13, $14, and so on over Option A.

When we ask you what dollar amount is worth the same to you as Option A, this is like asking what your **"switching point"** would be for a sequence of choices like these ones.

Q1	Would you prefer:	**Option A**	or	$10
Q2	Would you prefer:	**Option A**	or	$11
Q3	Would you prefer:	**Option A**	or	$12
Q4	Would you prefer:	Option A	or	**$13**
Q5	Would you prefer:	Option A	or	**$14**
Q6	Would you prefer:	Option A	or	$15
Q7	Would you prefer:	Option A	or	$16
Q8	Would you prefer:	Option A	or	$17
Q9	Would you prefer:	Option A	or	$18
Q10	Would you prefer:	Option A	or	$19
Q11	Would you prefer:	Option A	or	$20

Frannie's **switching point** based on her choices is **$13**

We will not literally ask you this sequence of questions for each problem. Instead, you will just enter **your dollar value of the lottery**. Then, we will assume that you'd always prefer the lottery over sure money *under* that value; and that you'd always prefer sure money when it is *over* that value.

Frannie enters her **switching point, $13**

How much is each option worth to you in dollars?

Color	Probability	Option A	Option B
	75%	$10	$15
	25%	$20	$10

Option A: 1

Option B

Instructions III: Study Tasks

Task 3

For the final task, we will ask you a question about how you made your decisions. Your responses on this task are an important part of our study, so we ask that you take the time to answer as completely and honestly as you can. They will **not** affect your bonus payment and there are no right or wrong answers.

Instructions IV: Bonus Payment

If you complete the entire study and pass all attention checks, you will have the chance to earn a bonus. If you are selected for a bonus, the computer will randomly select one of the twelve problems you saw and the actually simulate drawing a red or blue ball, according to the given probabilities. If a red ball is drawn, you will actually receive the "red" payment for the option you chose; if blue is drawn, you will actually receive the "blue" payment. On average, these bonus payments are worth $23. If you successfully complete the study, you'll have a 1 in 5 chance of being selected for a bonus.