Instructions

**Additive:**

Short feedback - short commitment  (Juan this should not be seen by the participants just call it instructions)

Thank you for joining this experiment. It consists of nine successive rounds. We want to know what risk you would take if, in every round, you have 10.000 dollars to invest.

You have to play all nine rounds to see what will come out of the risk you took. Every round you start again with another 10.000 dollars to invest. And every time you have to decide which part of this amount (between 0 and 100 percent) you want to invest in a stock with *a 60% chance to lose 3% and a 40% chance to win 7%. In between every round the computer decides if you belong to the group who won 7 % or who lost 3%.*

*What this means as to how much return you got on your last investment is shown to you. After nine rounds the return of your investments through the nine rounds is added up and shown to you.*

*See the next example:*

*You decide to invest 50% and the computer puts you in the group who won. Your return of this round can be calculated in the next manner: 7% win on 50% of 10.000,- dollar is 350 dollar. The money you didn’t invest stays the same of course. So after the first round you will have 10.350,- dollars. Now you begin with the next round.*

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Thank you for joining this experiment. It consists of nine successive rounds. We want to know what risk you would take if, in every round, you have 10.000 dollars to invest.

You have to play all nine rounds to see what will come out of the risk you took. Every round you start again with another 10.000 dollars to invest.

To make it a bit difficult: you have to decide for three rounds in a row which part of this amount (between 0 and 100 percent) you want to invest in a stock with a 60% chance to lose 3% and a 40% chance to win 7%. This means that you choose how much to invest before the first round and then you are committed to this choice in round one, two and three. In between every round the computer decides if you belong to the group who won 7 % or who lost 3%.

What this means as to how much return you got on your last three investments is shown to you after the three rounds. After nine rounds the return of your investments through the nine rounds is added up and shown to you.

*How the return of the first row of three rounds is calculated is shown in the next example:*

*You decide to invest 50%. Than without any influence from your side the computer puts you three times randomly in a group that wins or loses. After that the computer will calculate what your win is or what you lost.*

*What that means in terms of result:*

*The computer only tells you that you won 50,- dollars. How that happened is not told. (In this case you won once and lost two times: 7% win on 50% of 10.000,- dollar is 350 dollar and two losses each of 3% on 50% of 10.000,- dollars is two times 150,- dollar. So you totally won 50,- dollars)*

With only the knowledge that you won 50,- dollars you then have to decide how much you will invest in rounds four, five and six and so on.

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Thank you for joining this experiment. It consists of nine successive rounds. We want to know what risk you would take if, in every round, you have 10.000 dollars to invest.

You have to play all nine rounds to see what will come out of the risk you took. Every round you start again with another 10.000 dollars to invest. Once every three rounds you have to decide which part of this amount (between 0 and 100 percent) you want to invest in a stock with a 60% chance to lose 3% and a 40% chance to win 7%.

This means that you choose how much to invest before the first round and then you are committed to this choice in round one, two and three. In between every round the computer decides if you belong to the group who won 7 % or who lost 3%. What this means as to how much return you got on your investments is shown to you after each round. After nine rounds the return of your investments through the nine rounds is added up and shown to you.

*How the return of a single round is calculated is shown in the next example: You decide to invest 50% and the computer puts you in the group who won. Your return of this round can be calculated in the next manner: 7% win on 50% of 10.000,- dollar is 350 dollar. The money you didn’t invest stays the same of course. So after the first round you will have 10.350,- dollars. The computer will tell you so. After that you begin with the next round.*

*Than round two starts, you can’t change the amount you invest, 50 % again. The computer decides you lose 3 %. So you lose 3% of 5.000,- dollar is 150,- dollar. This is shown to you.*

*Than round three starts, again you have to invest 50% and the computer decides you are losing again. Again that’s 150,- dollar.*

*So after three rounds in this example you won 350,-dollar and lost two times 150,- dollar, in total you won 50,- dollar. And after round three you can decide which amount you will invest now for round four, five and six.*

*Remember, this is only an example! You could have won more or lost more!*

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Thank you for joining this experiment. It consists of nine successive rounds. We want to know what risk you would take if, in every round, you have 10.000 dollars to invest.

You have to play all nine rounds to see what will come out of the risk you took. Every round you start again with another 10.000 dollars to invest. Every round you have to decide which part of this amount (between 0 and 100 percent) you want to invest in a stock with a 60% chance to lose 3% and a 40% chance to win 7%. This means that you choose how much to invest before every round but only every three rounds it is told to you how much you earned with your investment. In between every round the computer decides if you belong to the group who won 7 % or who lost 3%. However these returns are only shown to you every three rounds. So after round three the total return of round one, two and three are shown to you. This results are then showed again to you after round six and after round nine.

*How the return of a single round is calculated is shown in the next example:*

*You decide to invest 50% and the computer puts you in the group who won. Your return of this round can be calculated in the next manner: 7% win on 50% of 10.000,- dollar is 350 dollar. This is not shown to you. Than you decide which percentage you invest in round two. The computer puts you randomly in the win or lose group and then the third round starts. After you decided your percentage of investment the computer puts you in a win or lose group again and then, after three rounds, it becomes clear what you earned the first three rounds Than round four, five and six follow the same procedure.*

**Multiplicative:**

Short feedback short commitment (Juan this should not be seen by the participants just call it instructions)

Thank you for joining this experiment. It consists of nine successive rounds. We want to know what risk you would take if you get 100.000 dollars to invest. You have to play all nine rounds to see what will come out of the risk you took. Every round you start with the 100.000 dollars, plus or minus to return you got in previous rounds, to invest. And every time you have to decide which part of this amount (between 0 and 100 percent) you want to invest in a stock with *a 60% chance to lose 3% and a 40% chance to win 7%. In between every round the computer decides if you belong to the group who won 7 % or who lost 3%. What this means as to how much return you got on your last investment is shown to you. After nine rounds the return of your investments through the nine rounds is shown to you.*

*How the calculations work is shown in the next example:*

*You decide to invest 50% and the computer puts you in the group who won. Your return of this round can be calculated in the next manner: 7% win on 50% of 100.000,- dollar is 3500 dollar. The money you didn’t invest stays the same of course. So after the first round you will have 103.500,- dollars. After that you begin with the next round with this 103.500 dollar and decide again which percentage of this amount you are going to invest.*

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Thank you for joining this experiment. It consists of nine successive rounds. We want to know what risk you would take if you get 100.000 dollars to invest. You have to play all nine rounds to see what will come out of the risk you took. Every round you start with the 100.000 dollars, plus or minus to return you got in previous rounds. Only once every three rounds you can decide which part of this amount (between 0 and 100 percent) you want to invest in a stock with a 60% chance to lose 3% and a 40% chance to win 7%. This means that you choose what percentage to invest before the first round and then you are committed to this choice in round one, two and three. In between every round the computer decides if you belong to the group who won 7 % or who lost 3%. What this means as to how much return you got is also shown to you after three rounds. After nine rounds the return of your investments through the nine rounds is shown to you.

How the calculations work is shown in the next example:

You decide to invest 50%. Than round one, two and three start. After these three rounds the computer tells you that you only earned 418, 29 dollar on *your initial 100.000,- How this happened?* In the first round the computer put you in the group who won. Your return of this round can be calculated in the next manner: 7% win on 50% of 100.000,- dollar is 3.500,- dollar. The money you didn’t invest stays the same of course. So after the first round you will have 103.500,- dollars. Than round two starts with this 103.500 dollars Y*ou can’t change the amount you invest, 50 % again. The computer decides you lose 3 %. So you lose 3% on 50% of 103.500,- this is 1.552,50,- dollar. Than round three starts with 101.947,50 dollar. Again you have to invest 50% and the computer decides you are losing again. This time you’re loss is 3% on 50% of 101.947,50 that’s 1.529,21. This means, in this example, your capital grew from your initial 100.000,- dollar to 100.418,29 dollars and the computer told you this only after three rounds. With this knowledge you have to decide which percentage you will invest in rounds four, five and six and than again this procedure will repeat itself in the rounds seven, eight and nine.*

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Thank you for joining this experiment. It consists of nine successive rounds. We want to know what risk you would take if you get 100.000 dollars to invest. You have to play all nine rounds to see what will come out of the risk you took. Every round you start with the 100.000 dollars, plus or minus to return you got in previous rounds. Once every three rounds you have to decide which part of this amount (between 0 and 100 percent) you want to invest in a stock with *a 60% chance to lose 3% and a 40% chance to win 7%.* This means that you choose what percentage to invest before the first round and then you are committed to this choice in round one, two and three. *In between every round the computer decides if you belong to the group who won 7 % or who lost 3%. What this means as to how much return you got on your last investment is shown to you after each round. After nine rounds the return of your investments through the nine rounds is shown to you.*

*How the calculations work is shown in the next example:*

You decide to invest 50% for the first three rounds. You can’t change the percentage in between. In the first round the computer puts you in the group who wins. Your return of this round can be calculated in the next manner: 7% win on 50% of 100.000,- dollar is 3.500,- dollar. The money you didn’t invest stays the same of course. So after the first round you will have 103.500,- dollars. This is shown to you. Than round two starts with this 103.500 dollars Y*ou can’t change the amount you invest, 50 % again. The computer decides you lose 3 %. So you lose 3% on 50 % of 103.500,-this is 1.552,50 dollar. Again this is shown. Than round three starts with 101.947,50 dollar. Again you have to invest 50% and the computer decides you are losing again.This time your loss is 3% on 50 % of 101.947,50 dollar, that’s 1.529,21 dollar. This means, in this example, your capital grew from your initial 100.000,- dollar to 100.418,29 dollars. With this knowledge you have to decide which percentage you will invest in rounds four, five and six and than again this procedure will repeat itself in the rounds seven, eight and nine.*

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*How the calculations work is shown in the next example:*

*You decide to invest 50% and the computer puts you in the group who won. Your return of this round can be calculated in the next manner: 7% win on 50% of 100.000,- dollar is 3500 dollar. The money you didn’t invest stays the same of course. So after the first round you will have 103.500,- dollars. This is not shown to you but you can change the amount you want to invest in round two to something different, for example 60%. Next the computer decides that in the second round you lost 3% on 60% of 103.500,- which is 1.863,- dollar. This leaves you with 101.637,- dollar. Again this is not shown to you but you are allowed to change your investment percentage to for example 40%. The computer decides that you belong in the group that lost. This time you lost 3% on 40% of 101.637 dollar which is 1.219,64. Your capital in the first three rounds therefore grew from the initial 100.000,- dollar to 100.417,36 dollar. Now, after round three, for the first time your result is shown to you. With this knowledge you have to decide which percentage you will invest in rounds four, five and six and then again this procedure will repeat itself in the rounds seven, eight and nine.*