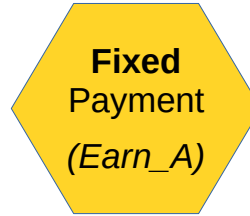# Part 4

Two options

You have two options in Part 4.

Two options

You have two options in Part 4.

Option A:

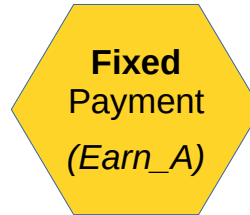*Option A means that you get a fixed payment, called Earn_A.*

Fixed Payment

(Earn_A)

Two options

You have two options in Part 4.

Option A:

Option A means that you get a fixed payment, called *Earn_A*.

Fixed
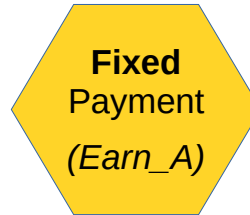Payment

(Earn_A)

Option B:

Option B means that you get the following **lottery**:

Two options

You have two options in Part 4.

Option A:

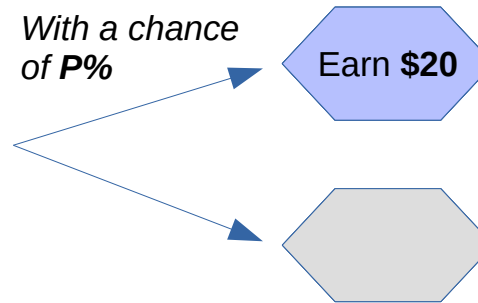*Option A means that you get a fixed payment, called Earn_A.*

Fixed Payment *(Earn_A)*

Option B:

*Option B means that you get the following **lottery**:*

➢ *With a chance of P%, you earn **$20.***

*With a chance of **P%***

Earn **$20**

Two options

You have two options in Part 4.

Option A:

Option A means that you get a fixed payment, called Earn_A*.*

Fixed Payment *(Earn_A)*

Option B:

Option B means that you get the following ***lottery***:

➢   *With a chance of P%, you earn* ***$20.***

➢   *But with a chance of (100-P)%, you earn* ***$0.***

With a chance of ***P%***

Earn **$20**

Earn **$0**

With a chance of ***(100-P)%***

Two options

You have two options in Part 4.

Option A:

Option A means that you get a fixed payment, called Earn_A.

Fixed Payment *(Earn_A)*

Option B:

*Option B means that you get the following **lottery**:*

- ➢ *With a chance of P%, you earn **$20.***

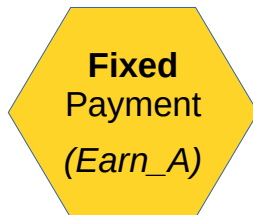- ➢ *But with a chance of (100-P)%, you earn **$0.***

P will be replaced with an actual number in the experiment.

*With a chance of **P%***

Earn **$20**

*With a chance of **(100-P)%***

Earn **$0**

Two options

You have two options in Part 4.

Option A:

Option A means that you get a fixed payment, called Earn_A*.*

Fixed
Payment
(Earn_A)

Option B:

*Option B means that you get the following **lottery**:*

➢ *With a chance of P%, you earn **$20.***
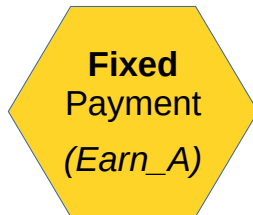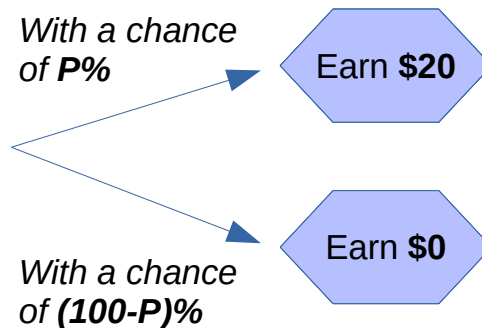
➢ *But with a chance of (100-P)%, you earn **$0.***

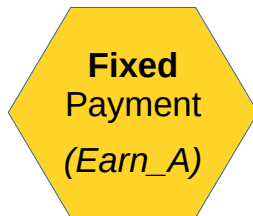*P will be replaced with an actual number in the experiment.*

*With a chance of **P%***

Earn **$20**

*With a chance of **(100-P)%***

Earn **$0**

Important:

*P is **not** just some random draw between 0 and 100. P is a **fixed number**, and you will **see what P is before** you report your **switch point**.*

*This means that you know exactly with which probability the lottery pays you $20 and $0 **before** you decide between Option A and Option B.*

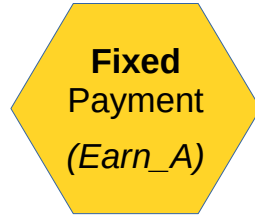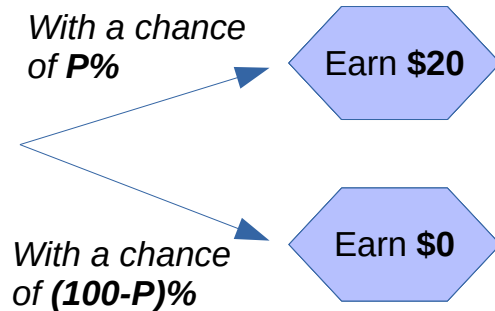| Q#		Option A		Option B	
1	Would you rather get...	a **fixed** payment of *Earn_A*=$22	or	the **lottery**	?
2	Would you rather get...	a **fixed** payment of *Earn_A*=$21	or	the **lottery**	?
3	Would you rather get...	a **fixed** payment of *Earn_A*=$20	or	the **lottery**	?
4	Would you rather get...	a **fixed** payment of *Earn_A*=$19	or	the **lottery**	?
.	.	.		.	
.	.	.		.	
.	.	.		.	
20	Would you rather get...	a **fixed** payment of *Earn_A*=$3	or	the **lottery**	?
21	Would you rather get...	a **fixed** payment of *Earn_A*=$2	or	the **lottery**	?
22	Would you rather get...	a **fixed** payment of *Earn_A*=$1	or	the **lottery**	?
23	Would you rather get...	a **fixed** payment of *Earn_A*=$0	or	the **lottery**	?

Option A

Fixed
Payment
(Earn_A)

Option B

With a chance of P%

Earn **$20**

With a chance of (100-P)%

Earn **$0**

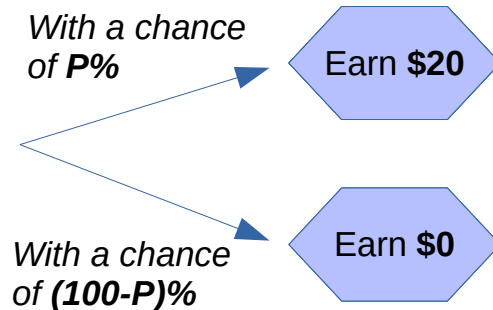| Q#	Option A		Option B	
1	Would you rather get…	a **fixed** payment of *Earn_A*=$22	or	the **lottery**	?
2	Would you rather get…	a **fixed** payment of *Earn_A*=$21	or	the **lottery**	?
3	Would you rather get…	a **fixed** payment of *Earn_A*=$20	or	the **lottery**	?
4	Would you rather get…	a **fixed** payment of *Earn_A*=$19	or	the **lottery**	?
.	.	.		.	
.	.	.		.	
.	.	.		.	
20	Would you rather get…	a **fixed** payment of *Earn_A*=$3	or	the **lottery**	?
21	Would you rather get…	a **fixed** payment of *Earn_A*=$2	or	the **lottery**	?
22	Would you rather get…	a **fixed** payment of *Earn_A*=$1	or	the **lottery**	?
23	Would you rather get…	a **fixed** payment of *Earn_A*=$0	or	the **lottery**	?

Just as before, we will show you the list of questions, and we will ask you to report at which dollar value you would like to switch from Option A to Option B.

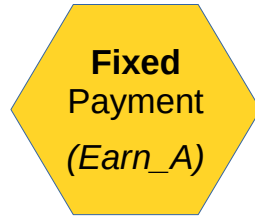*Given your switch point, the computer can "fill out" your answers to all questions.*

Option A

Fixed Payment *(Earn_A)*

Option B

With a chance of P% → Earn **$20**

With a chance of (100-P)% → Earn **$0**

Q#		Option A		Option B	
1	Would you rather get…	a **fixed** payment of *Earn_A*=$22	or	the **lottery**	?
2	Would you rather get…	a **fixed** payment of *Earn_A*=$21	or	the **lottery**	?
3	Would you rather get…	a **fixed** payment of *Earn_A*=$20	or	the **lottery**	?
4	Would you rather get…	a **fixed** payment of *Earn_A*=$19	or	the **lottery**	?
.	.	.		.	
.	.	.		.	
.	.	.		.	
20	Would you rather get…	a **fixed** payment of *Earn_A*=$3	or	the **lottery**	?
21	Would you rather get…	a **fixed** payment of *Earn_A*=$2	or	the **lottery**	?
22	Would you rather get…	a **fixed** payment of *Earn_A*=$1	or	the **lottery**	?
23	Would you rather get…	a **fixed** payment of *Earn_A*=$0	or	the **lottery**	?

Option A

Fixed Payment *(Earn_A)*

Option B

With a chance of P% → Earn **$20**

With a chance of (100-P)% → Earn **$0**

Just as before, we will show you the list of questions, and we will ask you to report at which dollar value you would like to switch from Option A to Option B.

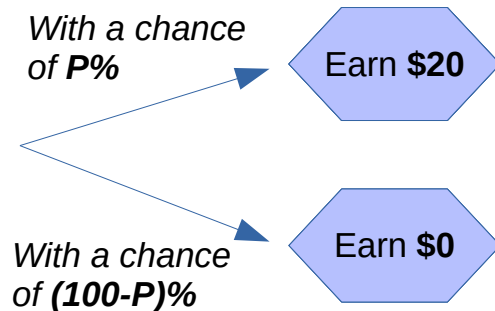*Given your switch point, the computer can "fill out" your answers to all questions.*

- *If you chose Option A in the question that is drawn for payment, you get a fixed payment of some Earn_A.*

- *If you chose Option B in the question that is drawn for payment, you get a lottery where you earn $20 with a chance of P%, and $0 with a chance of (100-P)%.*

*Finally, **make sure the slider is in the correct position** before you move on. Here are some examples of how your slider and switch point could look like.*

Example.

Your switch point: $19

This means:

- You choose the **fixed payment** if *Earn_A* is $19 or more.
- You choose the **lottery** if *Earn_A* is less than $19.

Example.

Your switch point: $11

This means:

- You choose the **fixed payment** if *Earn_A* is $11 or more.
- You choose the **lottery** if *Earn_A* is less than $11.

Example.

Your switch point: $3

This means:

- You choose the **fixed payment** if *Earn_A* is $3 or more.
- You choose the **lottery** if *Earn_A* is less than $3.