**Online Appendix: Instructions for Experiment 1 and 2**

**A. Instructions for all treatments**

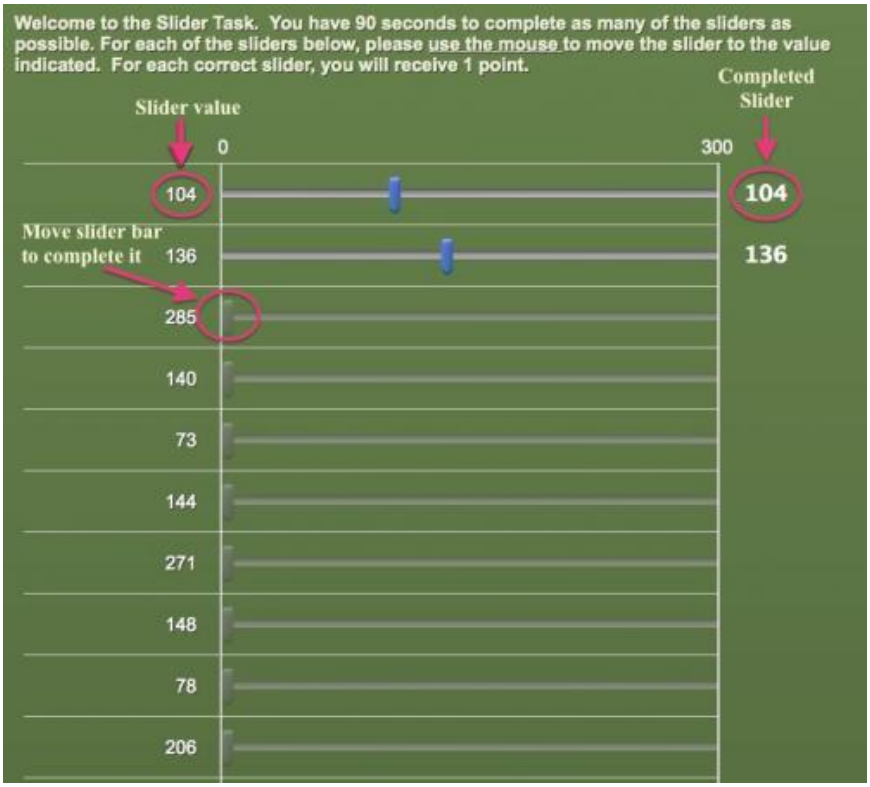
**Welcome to our short experiment.** You will get a $5 show up fee just for coming in today.

Please pay attention to the instructions carefully. You will be asked several questions throughout the study to make sure that you are reading and understanding the instructions. You will NOT get paid if you do not follow all instructions carefully.

Today you will perform a slider task.

In this task, you will see a screen with 30 sliders on it. In this part you will have **1.5 minutes** (90 seconds) to move as many sliders as you can to the value indicated. Each slider you move to the value indicated is considered completed and earns you 1 point. You should only use your mouse to move sliders by clicking and dragging on the slider – using the keyboard is not allowed. **You should try to complete as many sliders as you can.**

The picture below shows you the slider task. The value that you need to move each slider to appears to the left of the slider. Dragging the slider changes the value on the right. Match the value on the right to the one on the left to complete the slider. You can complete sliders in any order you like.




**DO NOT CONTINUE UNTIL TOLD TO DO SO.**

## A.1 Instructions for the GAIN Treatment

### PART 1

Last year, participants at Carnegie Mellon participated in this same task and earned cash based on their performance. At the end of the study, your individual performance in the slider task will be compared to the average number of sliders completed by last year's participants.

**If you complete as many or more sliders than the average from last year, you will receive this T-shirt (I will hold up the shirt now). If you complete less than the average, you will not receive this T-shirt.**

**The more sliders you complete, the higher your chance of receiving the T-shirt.**

Your chance of getting the T-shirt in the task will depend on your individual performance relative to last year's average. It does not depend on the performance of anyone else in this room.

*[EXPERIMENT 2 ONLY - PARTICIPANTS COMPLETE ELICITATION OF WILLINGNESS TO PAY (SECTION A.3.1)]*

### PART 2

**Slider Task Instructions**

You will now perform the slider task. **If you complete as many or more sliders than last year's average, you will get the T-shirt as a bonus. If you complete fewer sliders than last year's average, you will not get the T-shirt.**

**The more sliders you complete, the higher your chance of getting the T-shirt.**

*[SLIDER TASK]* Welcome to the Slider Task. You have 90 seconds to complete as many of the sliders as possible. For each of the sliders below, please **use the mouse** to move the slider to the value indicated. For each correct slider, you will receive 1 point.

Your Total Score: _____ points

**DO NOT CONTINUE UNTIL TOLD TO DO SO**

**A.2 Instructions for the LOSS Treatment**

**PART 1**

**You will receive a T-shirt for performing the slider task (I will hold up the T-shirt now).**

Last year, participants at Carnegie Mellon participated in this same task and earned cash based on their performance. At the end of the study, your individual performance in the slider task will be compared to the average number of sliders completed by last year's participants.

**If you complete as many or more sliders than the average from last year, you will keep your T-shirt. If you complete fewer sliders than the average, you will give up your T-shirt.**

**The more sliders you complete, the higher your chance of keeping your T-shirt.**

Your chance of keeping your T-shirt in the task will depend on your individual performance relative to last year's average. It does not depend on the performance of anyone else in this room.

*[EXPERIMENT 2 ONLY - PARTICIPANTS COMPLETE ELICITATION OF WILLINGNESS TO PAY (SECTION A.3.2)]*

**PART 2**

**Slider Task Instructions**

*PLEASE WAIT TO RECEIVE YOUR T-SHIRT FOR THE TASK*

You will now perform the slider task. You were given a T-shirt to carry out this task. **If you complete as many or more sliders than last year's average, you will keep your T-shirt. If you complete fewer sliders than last year's average, you will lose your T-shirt.**

**The more sliders you complete, the higher your chance of keeping your T-shirt and not losing it.**

*[SLIDER TASK]* Welcome to the Slider Task. You have 90 seconds to complete as many of the sliders as possible. For each of the sliders below, please **use the mouse** to move the slider to the value indicated. For each correct slider, you will receive 1 point.

Your Total Score: _____ points

**DO NOT CONTINUE UNTIL TOLD TO DO SO**

## A.3 Elicitation of Willingness to Pay (WTP)

### A.3.1 Instructions for the GAIN Treatment

**Do you want to participate?**

In this part, you will make a series of decisions. In each line, you will decide either to participate in the slider task, **or** to get an additional amount of money between $0 and $10. After you are done making your decisions, we will roll a die to be the 'choice that counts.'

If you decide to participate in the slider task in the 'choice that counts,' then:

**You will perform the slider task.**
**If you complete as many or more sliders than last year's average, you will receive the T-shirt.**

If you decide to get the additional amount of money in the 'choice that counts,' then:

**You will wait quietly for 1.5 minutes and will not participate in the task.**
**You will not have a chance to receive the T-shirt.**

You will not know which choice is the 'choice that counts' until after you have made your decisions. Because we are making a random draw, any of the choices could be the 'choice that counts.' Therefore, you should think carefully about the choice you make on each line. The more often you answer "YES", the greater your chances of participating in part 2.

Here is an example. Look at question 4 below. Suppose question 4 is chosen as the 'choice that counts.' If you said "YES" in question 4, you would participate in the slider task for a chance to get the T-shirt but receive no additional amount of money. If you said "NO" in question 4, you would receive a $3 additional amount of money but would not participate in the slider task.

**4)** If the additional payment is $1.50, do you want to participate in the slider task?
   a. Yes, I want to participate and have the opportunity of receiving the T-shirt.
   b. No, I want to get $1.50 and not participate.

***Please choose option (a) or (b) in each line. Only one choice will be the 'choice that counts.'***

**1)** If the additional payment is $0, do you want to participate in the slider task?
   a. Yes, I want to participate and have the opportunity of receiving the T-shirt.
   b. No, I want to get $0 and not participate.

**2)** If the additional payment is $.50, do you want to participate in the slider task?
   a. Yes, I want to participate and have the opportunity of receiving the T-shirt.
   b. No, I want to get $.50 and not participate.

**3)** If the additional payment is $1, do you want to participate in the slider task?
   a. Yes, I want to participate and have the opportunity of receiving the T-shirt.

b. No, I want to get $1 and not participate.

**4)** If the additional payment is $1.50, do you want to participate in the slider task?
   a. Yes, I want to participate and have the opportunity of receiving the T-shirt.
   b. No, I want to get $1.50 and not participate.

**5)** If the additional payment is $2, do you want to participate in the slider task?
   a. Yes, I want to participate and have the opportunity of receiving the T-shirt.
   b. No, I want to get $2 and not participate.

**6)** If the additional payment is $2.50, do you want to participate in the slider task?
   a. Yes, I want to participate and have the opportunity of receiving the T-shirt.
   b. No, I want to get $2.50 and not participate.

**7)** If the additional payment is $3, do you want to participate in the slider task?
   a. Yes, I want to participate and have the opportunity of receiving the T-shirt.
   b. No, I want to get $3 and not participate.

**8)** If the additional payment is $3.50, do you want to participate in the slider task?
   a. Yes, I want to participate and have the opportunity of receiving the T-shirt.
   b. No, I want to get $3.50 and not participate.

**9)** If the additional payment is $4, do you want to participate in the slider task?
   a. Yes, I want to participate and have the opportunity of receiving the T-shirt.
   b. No, I want to get $4 and not participate.

**10)** If the additional payment is $4.50, do you want to participate in the slider task?
   a. Yes, I want to participate and have the opportunity of receiving the T-shirt.
   b. No, I want to get $4.50 and not participate.

**11)** If the additional payment is $5, do you want to participate in the slider task?
   a. Yes, I want to participate and have the opportunity of receiving the T-shirt.
   b. No, I want to get $5 and not participate.

### A.3.2 Instructions for the LOSS Treatment

**Do you want to participate?**

In this part, you will make a series of decisions. In each line, you will decide either to participate in the slider task, **or** to get an additional amount of money between $0 and $5. After you are done making your decisions, we will roll a die to be the 'choice that counts.'

If you decide to participate in the slider task in the 'choice that counts,' then:

**You will be given the T-shirt now.**
**You will perform the slider task.**

If you decide to get the additional amount of money in the 'choice that counts,' then:

**You will wait quietly for 1.5 minutes and will not participate in the task.**
**You will not get the T-shirt now.**

You will not know which choice is the 'choice that counts' until after you have made your decisions. Because we are making a random draw, any of the choices could be the 'choice that counts.' Therefore, you should think carefully about the choice you make on each line. The more often you answer "YES", the greater your chances of participating in part 2.

Here is an example. Look at question 4. Suppose question 4 is chosen as the 'choice that counts.' If you said "YES" in question 4, you would participate in the slider task but receive no additional amount of money. If you said "NO" in question 4, you would receive a $1.50 additional amount of money but would not participate in the slider task.

**4)** If the additional payment is $1.50, do you want to participate in the slider task?
   a. Yes, I want to receive the T-shirt now and participate in the slider task.
   b. No, I want to get $1.50 and not participate.

***Please choose option (a) or (b) in each line. Only one choice will be the 'choice that counts.'***

**1)** If the additional payment is $0, do you want to participate in the slider task?
   a. Yes, I want to receive the T-shirt now and participate in the slider task.
   b. No, I want to get $0 and not participate.

**2)** If the additional payment is $.50, do you want to participate in the slider task?
   a. Yes, I want to receive the T-shirt now and participate in the slider task.
   b. No, I want to get $.50 and not participate.

**3)** If the additional payment is $1, do you want to participate in the slider task?
   a. Yes, I want to receive the T-shirt now and participate in the slider task.
   b. No, I want to get $1 and not participate.

**4)** If the additional payment is $1.50, do you want to participate in the slider task?

a. Yes, I want to receive the T-shirt now and participate in the slider task.
b. No, I want to get $1.50 and not participate.

**5)** If the additional payment is $2, do you want to participate in the slider task?
a. Yes, I want to receive the T-shirt now and participate in the slider task.
b. No, I want to get $2 and not participate.

**6)** If the additional payment is $2.50, do you want to participate in the slider task?
a. Yes, I want to receive the T-shirt now and participate in the slider task.
b. No, I want to get $2.50 and not participate.

**7)** If the additional payment is $3, do you want to participate in the slider task?
a. Yes, I want to receive the T-shirt now and participate in the slider task.
b. No, I want to get $3 and not participate.

**8)** If the additional payment is $3.50, do you want to participate in the slider task?
a. Yes, I want to receive the T-shirt now and participate in the slider task.
b. No, I want to get $3.50 and not participate.

**9)** If the additional payment is $4, do you want to participate in the slider task?
a. Yes, I want to receive the T-shirt now and participate in the slider task.
b. No, I want to get $4 and not participate.

**10)** If the additional payment is $4.50, do you want to participate in the slider task?
a. Yes, I want to receive the T-shirt now and participate in the slider task.
b. No, I want to get $4.50 and not participate.

**11)** If the additional payment is $5, do you want to participate in the slider task?
a. Yes, I want to receive the T-shirt now and participate in the slider task.
b. No, I want to get $5 and not participate.

**B. Construction of the loss aversion parameter**

**PARTS 3, 4, and 5**

In PARTS 3-5 of the experiment, you will be asked to make a series of choices in decision problems. How much you receive will depend partly on **chance** and partly on the **choices** you make. **You will receive a $10 payment for completing Parts 3-5.**

In each PART, you will see a table with 10 lines. You will state whether you prefer Option A or Option B in each line. You should think of each line as a separate decision you need to make. However, only **one line** in PARTS 3-5 will be the 'line that counts' and will be paid out.

In particular, at the end of the experiment, we will roll a six-sided die numbered 1, 2, 3, 4, 5, 6. If a 1 or 2 is rolled, PART 3 will "count," if a 3 or 4 is rolled, PART 4 will "count," and if a 5 or 6 is rolled, PART 5 will "count." Then, we will roll a 12-sided die numbered 1, 2 . . . 12. The number rolled indicates which **line** in that part will be paid out (if the outcome is 11 or 12, we will roll again).

Because each line is equally likely to be selected, and because you do not know which line will be selected when you make your choices, you should pay close attention to the choices you make in each line. In some lines, depending on the decisions you make, you may earn up to an additional $5 or lose up to $10.

If you get a loss, the amount will be deducted from your $10 additional payment to participate in parts 3-5. If you get a gain, the amount will be added to your $10 additional payment to participate in parts 3-5.

**So you should think about these parts as independent from the rest of the experiment.**

**PART 3**

For each choice below, please state whether you prefer option A or option B. Notice that there are a total of 10 choices – you should think of each choice as a separate decision you need to make.

Your earnings for the selected choice number depend on which option you chose: If you chose option B for that choice number, you will receive the amount of money specified by option B – between **$0.50** and **$5**, depending on the choice number. If you chose option A for that number, you will receive either **$5** or **$0**. To determine your earnings in the case you chose option A, we will flip a coin. There is a 50% chance heads will come up and a 50% chance tails will come up. If heads comes up, you will receive $5. If tails come up, you will receive $0.

While you have all the information in the lines below, you should input all your 10 decisions into the computer. The actual flipping of the coin for this part of the experiment will be determined at the end of the experiment.

1. OPTION A: If Heads then $5; if Tails then $0.
   OPTION B: $0.50 for sure

2. OPTION A: If Heads then $5; if Tails then $0.
   OPTION B: $1.00 for sure

3. OPTION A: If Heads then $5; if Tails then $0.
   OPTION B: $1.50 for sure

4. OPTION A: If Heads then $5; if Tails then $0.
   OPTION B: $2.00 for sure

5. OPTION A: If Heads then $5; if Tails then $0.
   OPTION B: $2.50 for sure

6. OPTION A: If Heads then $5; if Tails then $0.
   OPTION B: $3.00 for sure

7. OPTION A: If Heads then $5; if Tails then $0.
   OPTION B: $3.50 for sure

8. OPTION A: If Heads then $5; if Tails then $0.
   OPTION B: $4.00 for sure

9. OPTION A: If Heads then $5; if Tails then $0.
   OPTION B: $4.50 for sure

10. OPTION A: If Heads then $5; if Tails then $0.
    OPTION B: $5.00 for sure

**PART 4**

For each choice below, please state whether you prefer option A or option B. Notice that there are a total of 10 choices – you should think of each choice as a separate decision you need to make.

Your earnings for the selected line depend on which option you chose: If you chose option B for that choice, you will receive **$0**. If you chose option A for that choice, you can receive either a loss between **-$1.00** and **-$10,** depending on the number, or a gain of **$5**. To determine your earnings in the case you chose option A, we will flip a coin. There is a 50% chance heads will come up and a 50% chance tails will come up. If heads comes up, you will receive -$x (the exact amount depends on the choice number). If tails comes up, you will receive $5.

While you have all the information in the lines below, you should input all your 10 decisions into the computer. The actual flipping of the coin for this part of the experiment will be determined at the end of the experiment.

1. OPTION A: If Heads then -$1; if Tails then $5.
   OPTION B: $0 for sure

2. OPTION A: If Heads then -$2; if Tails then $5.
   OPTION B: $0 for sure

3. OPTION A: If Heads then -$3; if Tails then $5.
   OPTION B: $0 for sure

4. OPTION A: If Heads then -$4; if Tails then $5.
   OPTION B: $0 for sure

5. OPTION A: If Heads then -$5; if Tails then $5.
   OPTION B: $0 for sure

6. OPTION A: If Heads then -$6; if Tails then $5.
   OPTION B: $0 for sure

7. OPTION A: If Heads then -$7; if Tails then $5.
   OPTION B: $0 for sure

8. OPTION A: If Heads then -$8; if Tails then $5.
   OPTION B: $0 for sure

9. OPTION A: If Heads then -$9; if Tails then $5.
   OPTION B: $0 for sure

10. OPTION A: If Heads then -$10; if Tails then $5.
    OPTION B: $0 for sure

**PART 5**

For each choice below, please state whether you prefer option A or option B. Notice that there are a total of 10 choices – you should think of each choice as a separate decision you need to make.

Your earnings for the selected choice number depend on which option you chose: If you chose option B for that choice number, you will receive the amount of money specified by option B – between -**$0.50** and -**$5**, depending on the choice number. If you chose option A for that number, you will receive either -**$5** or **$0**. To determine your earnings in the case you chose option A, we will flip a coin. There is a 50% chance heads will come up and a 50% chance tails will come up. If heads comes up, you will receive -$5. If tails come up, you will receive $0.

While you have all the information in the lines below, you should input all your 10 decisions into the computer. The actual flipping of the coin for this part of the experiment will be determined at the end of the experiment.

1. OPTION A: If Heads then -$5; if Tails then $0.
   OPTION B: -$0.50 for sure

2. OPTION A: If Heads then -$5; if Tails then $0.
   OPTION B: -$1.00 for sure

3. OPTION A: If Heads then -$5; if Tails then $0.
   OPTION B: -$1.50 for sure

4. OPTION A: If Heads then -$5; if Tails then $0.
   OPTION B: -$2.00 for sure

5. OPTION A: If Heads then -$5; if Tails then $0.
   OPTION B: -$2.50 for sure

6. OPTION A: If Heads then -$5; if Tails then $0.
   OPTION B: -$3.00 for sure

7. OPTION A: If Heads then -$5; if Tails then $0.
   OPTION B: -$3.50 for sure

8. OPTION A: If Heads then -$5; if Tails then $0.
   OPTION B: -$4.00 for sure

9. OPTION A: If Heads then -$5; if Tails then $0.
   OPTION B: -$4.50 for sure

10. OPTION A: If Heads then -$5; if Tails then $0.
    OPTION B: -$5.00 for sure