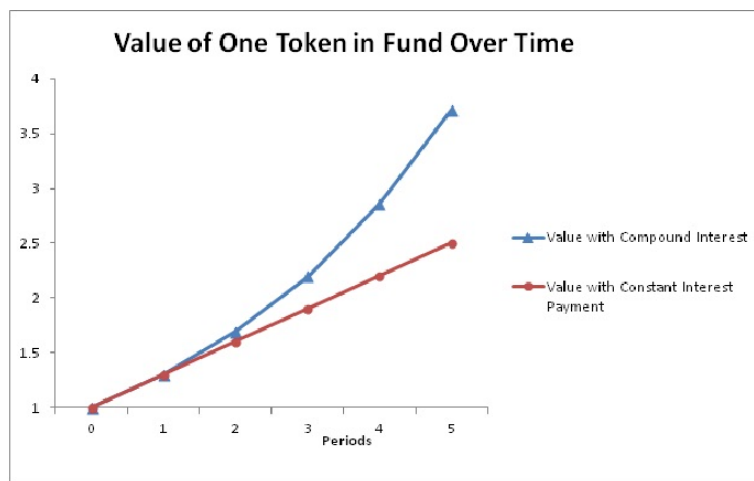


## Appendix – Experimental Instructions

### Quiz – Screen 1

One unique feature of this experiment is that you will potentially have the opportunity to earn tokens by using a fund that earns interest over time. The figure below shows how compound interest works relative to constant interest, with each shown at a rate of 30%.

A constant interest payment means that your return in any period doesn't vary over time. With compound interest, a token is worth relatively more over time. The reason is that the *amount* of tokens earning interest grows over time even though the *rate* at which tokens earn interest does not.



**True or false:** if one token is put into a fund that earns compound interest and stays there, then the number of tokens you'll earn from it grows over time due to compound interest.

**True or false:** If one token is put into a fund that earns compound interest and it is later removed from that fund, then it continues to earn interest at a compound rate.

### Quiz – Screen 2 – Correct Answers

You answered question 1 correctly.

Suppose a token is put into a fund that earns compound interest, and it stays there. In each period afterward, the fund will earn more interest than in the previous period. This is *not* true with a constant interest rate.

You answered question 2 correctly.

Suppose a token is put into a fund that earns compound interest, but the original token is later removed. In the period after the original is removed, the fund will still earn interest based on any tokens earned before the original was removed. The fund will continue to earn more interest each period after that, as long as the fund is not emptied. This is *not* true with a constant interest rate.

## Quiz – Screen 2 – Incorrect Answers

You answered question 1 incorrectly.

Suppose a token is put into a fund that earns compound interest, and it stays there. In each period afterward, the fund will earn more interest than in the previous period. This is *not* true with a constant interest rate.

You answered question 2 incorrectly.

Suppose a token is put into a fund that earns compound interest, but the original token is later removed. In the period after the original is removed, the fund will still earn interest based on any tokens earned before the original was removed. The fund will continue to earn more interest each period after that, as long as the fund is not emptied. This is *not* true with a constant interest rate.

### Instruction Screens for LU Treatment

Period 1 of 1	Remaining time [sec]: 0	
Please reach a decision.		
<b>TIMING OF GAME</b>		
Random matches are made. Player A receives an endowment of 100 tokens in their account. Player B has 0 tokens in their account.		
<p style="text-align: center;"><u>Round 1</u></p> <p>1. Player A can choose to transfer tokens from their account to a separate fund that will earn interest. Player A has another opportunity to make this transfer in Round 4.</p>	<p style="text-align: center;"><u>Round 2</u></p> <p>1. The fund earns interest at a rate of 30%. The two accounts do <u>not</u> earn interest. 2. Player B can transfer tokens from the fund to their own and/or Player A's accounts. The remainder stays in the fund.</p>	<p style="text-align: center;"><u>Round 3</u></p> <p>1. The fund earns interest at a rate of 30%. The two accounts do <u>not</u> earn interest. 2. Player B can transfer tokens from the fund to their own and/or Player A's accounts. The remainder stays in the fund.</p>
<p style="text-align: center;"><u>Round 4</u></p> <p>1. Player A can choose to transfer tokens from their account to the fund. Player A does <u>not</u> have another opportunity to make this transfer.</p>	<p style="text-align: center;"><u>Round 5</u></p> <p>1. The fund earns interest at a rate of 30%. The two accounts do <u>not</u> earn interest. 2. Player B can transfer tokens from the fund to their own and/or Player A's accounts. The remainder stays in the fund.</p>	<p style="text-align: center;"><u>Round 6</u></p> <p>1. The fund earns interest at a rate of 30%. The two accounts do <u>not</u> earn interest. 2. Player B can transfer tokens from the fund to their own and/or Player A's accounts. The remainder of the fund is split. Player A gets 60%, and Player B gets 40%.</p>
<input type="button" value="CONTINUE"/>		

#### Notes:

- Player A can never see how much is in the fund (except the final split) nor how much Player B transfers to their own account from the fund.
- All transactions must be whole numbers.
- At any step, if interest or a split creates a fraction of a token, it is rounded to the nearest token.

Player A's final account comes from:	Player B's final account comes from:
<ul style="list-style-type: none"> <li>All tokens Player A kept in their account in Round 4 -Recall that Player A's account in Round 4 includes all tokens kept in Round 1 and all transfers from Rounds 2 and 3</li> <li>All tokens transferred to Player A in Rounds 5 and 6</li> <li>All tokens Player A received from the final split</li> </ul>	<ul style="list-style-type: none"> <li>All tokens Player B transferred to their own account in Rounds 2, 3, 5, and 6</li> <li>All tokens Player B received from the final split</li> </ul>

### Decision Screen for Player A in Round 1 in the LU Treatment

Period: 1 of 1 Remaining time [sec]: 0

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Game Number: 1      Round Number: 1      Role: Player A

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An endowment of 100 has been added to your account.

Player A's Account: 100

You can transfer tokens from your account to the fund that earns interest.  
 You can transfer any whole number of tokens from 0 to 100.  
 You will have one more opportunity to transfer from your account to the fund in Round 4.

How many tokens would you like to transfer from your account into the fund?

How many tokens would you like to keep in your account?

---

Note: The two boxes must sum to 100 tokens.

## Decision Screen for Player B in Round 2, 3, and 5 in the LU Treatment

Period		Remaining time [sec]: 0							
1 of 1									
Game Number: 1	Round Number: 2	Role: Player B							
<p>Player A transferred 100 token(s) into the fund, which put it at 100 token(s). The fund then earned 30% interest.</p> <table border="1" style="margin: auto; border-collapse: collapse;"> <tr> <td style="padding: 2px;">Player A's Account:</td> <td style="padding: 2px; text-align: center;">0</td> <td style="padding: 2px;">Fund:</td> <td style="padding: 2px; text-align: center;">130</td> <td style="padding: 2px;">Player B's Account:</td> <td style="padding: 2px; text-align: center;">0</td> </tr> </table> <p style="text-align: center;">           You can transfer tokens from the fund to your account.            You can transfer any whole number of tokens totalling from 0 to 130.            You will have more opportunities to transfer from the fund into your account in Rounds 3, 5, &amp; 6.         </p> <p style="text-align: center;">           How many tokens would you like to transfer from the fund into your account? <input style="width: 40px;" type="text"/>            How many tokens would you like to transfer from the fund into Player A's account? <input style="width: 40px;" type="text"/>            How many tokens would you like to keep in the fund? <input style="width: 40px;" type="text"/> </p> <p style="text-align: center; font-size: small;">Note: The three boxes must sum to 130 token(s).</p> <p style="text-align: center;"><input type="button" value="CONTINUE"/></p>				Player A's Account:	0	Fund:	130	Player B's Account:	0
Player A's Account:	0	Fund:	130	Player B's Account:	0				

## Decision Screen for Player A in Round 4 of the LU Treatment

Period		Remaining time [sec]: 0			
1 of 1					
Game Number: 1	Round Number: 4	Role: Player A			
<p>Player B transferred 0 token(s) from the fund to your account in Round 3.</p> <table border="1" style="margin: auto; border-collapse: collapse;"> <tr> <td style="padding: 2px;">Player A's Account:</td> <td style="padding: 2px; text-align: center;">0</td> </tr> </table> <p style="text-align: center;">           You can transfer tokens from your account to the fund.            You can transfer any whole number of tokens from 0 to 0.            You will <u>not</u> have another opportunity to transfer from your account to the fund.         </p> <p style="text-align: center;">           Player B will have the opportunity to transfer tokens from the fund to your account in Rounds 5 &amp; 6.            Any tokens remaining in the fund after that will be split.            You will receive 60% of it, and Player B will receive 40%.         </p> <p style="text-align: center;">           How many tokens would you like to transfer from your account into the fund? <input style="width: 40px;" type="text"/>            How many tokens would you like to keep in your account? <input style="width: 40px;" type="text"/> </p> <p style="text-align: center; font-size: small;">Note: The two boxes must sum to 0 token(s).</p> <p style="text-align: center;"><input type="button" value="CONTINUE"/></p>				Player A's Account:	0
Player A's Account:	0				

## Decision Screen for Player B in Round 6 of the LU Treatment

Period 1 of 1		Remaining time [sec]: 0	
Please reach a decision			
Game Number: 1	Round Number: 6	Role: Player B	
The fund earned 30% interest.			
Player A's Account: 0	Fund: 286	Player B's Account: 0	
<p>You can transfer tokens from the fund both to your account and to Player A's.            You can transfer any whole number of tokens totalling from 0 to 286.            Any tokens left in the fund will be split between you and Player A.            Player A will get 60%, and you will get 40%.</p>			
<p>How many tokens would you like to transfer from the fund into your account? <input style="width: 40px; border: 1px solid black;" type="text"/></p> <p>How many tokens would you like to transfer from the fund into Player A's account? <input style="width: 40px; border: 1px solid black;" type="text"/></p> <p>How many tokens would you like to keep in the fund? <input style="width: 40px; border: 1px solid black;" type="text"/></p>			
<p>Note: The three boxes must sum to 286 token(s).</p>			
<input type="button" value="CONTINUE"/>			

## Decision Screen for Player A in Round 2, 3, and 5 in the HU Treatment

Period 1 of 1		Remaining time [sec]: 0	
Please reach a decision			
Game Number: 1	Round Number: 2	Role: Player A	
The fund earned 30% interest.			
<div style="border: 1px solid black; padding: 2px; display: inline-block;">Player A's Account: 0</div>			
<p>You can transfer tokens from the fund to your account.            Player B can transfer tokens from the fund into Player B's account.</p> <p>If you and Player B jointly overdraw the fund, then Player B's transaction occurs in full, and you get the remainder.            You and Player B will have more opportunities to transfer from the fund into your own accounts in Rounds 3, 5, and 6.</p>			
<p>How many tokens would you like to transfer from the fund into your account? <input style="width: 40px; border: 1px solid black;" type="text"/></p>			
<p>Note: The amount in the box must be a whole number.</p>			
<input type="button" value="CONTINUE"/>			

## Decision Screen for Player B in Round 2, 3, and 5 in the HU Treatment

Period		1 of 1		Remaining time [sec]: 0	
Game Number: 1	Round Number: 2	Role: Player B			
Player A transferred 100 token(s) into the fund, which put it at 100 token(s). The fund then earned 30% interest.					
Player A's Account:	0	Fund:	130	Player B's Account:	0
You can transfer tokens from the fund to your account. Player A can transfer tokens from the fund into Player A's account. You can transfer any whole number from 0 to 130.					
If you and Player A jointly overdraw the fund, then your transaction occurs in full, and Player A gets the remainder. You and Player A will have more opportunities to transfer from the fund into your own accounts in Rounds 3, 5, and 6.					
How many tokens would you like to transfer from the fund into your account? <input type="text" value="1"/>					
How many tokens would you like to keep in the fund? <input type="text"/>					
Note: The two boxes must sum to 130 token(s).					
<input type="button" value="CONTINUE"/>					

## Decision Screen for Player A in Round 6 of the HU Treatment

Period		1 of 1		Remaining time [sec]: 0	
<i>Please reach a decision</i>					
Game Number: 1	Round Number: 6	Role: Player A			
You transferred 0 token(s) from the fund to your account in Round 5. The fund earned 30% interest.					
Player A's Account: <input type="text" value="0"/>					
You can transfer tokens from the fund to your account. Player B can transfer tokens from the fund into Player B's account.					
Any tokens remaining in the fund after that will be split. You will receive 60% of it, and Player B will receive 40%.					
If you and Player B jointly overdraw the fund, then Player B's transaction occurs in full, and you get the remainder.					
How many tokens would you like to transfer from the fund into your account? <input type="text" value="1"/>					
Note: The amount in the box must be a whole number.					
<input type="button" value="CONTINUE"/>					

## Decision Screen for Player B in Round 6 of the HU Treatment

Period		1 of 1		Remaining time [sec]: 0	
Game Number: 1		Round Number: 6		Role: Player B	
The fund earned 30% interest.					
Player A's Account: 0		Fund: 286		Player B's Account: 0	
<p>You can transfer tokens from the fund to your account. Player A can transfer tokens from the fund into Player A's account. You can transfer any whole number from 0 to 286.</p> <p>Any tokens left in the fund will be split between you and Player A. Player A will get 60%, and you will get 40%.</p> <p>If you and Player A jointly overdraw the fund, then your transaction occurs in full, and Player A gets the remainder.</p>					
How many tokens would you like to transfer from the fund into your account?				<input type="text" value="1"/>	
How many tokens would you like to keep in the fund?				<input type="text"/>	
Note: The two boxes must sum to 286 token(s).					
<input type="button" value="CONTINUE"/>					

The instructions and decision screens for all other treatments reflect their respective differences as well. For example, the “Notes” screen for the LT treatment also includes the following bullet:

- All transfers Player B makes from the fund to Player A’s account are taxed at 25%. The tokens Player A receives from the fund being split are not taxed.

Similarly, the HT treatment includes a statement regarding Player A’s transfers from the fund to his/her own account being taxed at 25%.

The full set of screenshots and the full z-Tree code are available from the authors upon request.