Appendix B – Verbal instructions and Forms (translated from Hebrew)

Verbal instructions for experiments 1 and 2

Hello,
We are researchers from the university. We would like to invite you to participate in a decision making experiment in which you have the chance to win some money. We will explain the basic principles of the experiment and then we will give you the forms that you need to fill out.

In the experiment, you will make a number of choices. At the end of the experiment x students[1] will be randomly selected to play for real money (that is, to receive a monetary prize based on their choices) in which case you can only win but cannot lose money.
You all have equal chances of being selected. It is, therefore, in your best interest to make your choices according to your true preferences.

The experiment involves an urn which contains different types of balls. After all participants have made their choices, one ball will be randomly drawn from the urn. A bet concerning the type of ball that will be drawn is offered to each of you. The particular bet that you are offered is defined on your form. [The bets differ among you. All bets involve the same prize, but the type of ball promising the monetary prize may differ.[2]]

You will have to decide whether you would like to take the bet offered or to replace it with a certain sum of money. A list of 14 cash options ranging from NIS 10 to NIS 140 will be presented on your form. You will have to state, for each one of them, whether you prefer it to your bet or vice versa.

At the end of the experiment, a certain sum of money will be selected at random by drawing one slip of paper from an envelope that contains 14 slips with the 14 possible sums of money written on them. If you have been selected and stated that you preferred this particular sum to the bet, you will receive that sum. If you stated that you preferred the bet, you will be given a cash amount according to the outcome of the bet.

Again, there are no correct answers in this experiment. Everything is a matter of preferences! It is in your best interest to make choices according to your own preferences as any one of you may be selected at the end of the experiment to play for the real money.

The random selection of students will be carried out as follows: since the number of students in your classroom is Y,[3] Y notes with consecutive numbers 1 to Y will be placed in an envelope. Each number corresponds to a different student (by his location), starting the count from the first row to the last and always from (our) right to left. At the end of the experiment x notes will be drawn randomly to select the students that will play for the real money.

- Please read the instruction carefully before making your decisions.
- Take your time when making your decisions. There is no time limit.
- Do not talk with your neighbors during the experiment.
- If you have a question, raise your hand and we will come over to you to answer it.

[1] x depends on the number of students in class; the proportion was approximately 1 student out of 25.
[2] This sentence was mentioned only in Experiment 2.
[3] Y was the actual number of students in the classroom.

The form of Treatment b in Experiment 1

In this experiment you are required to make some decisions.
At the end of the experiment x students will be chosen randomly to play for real money.
For the rest of you the decisions are hypothetical, but since you all have a chance to be selected, it is in your best interest to make choices according to your true preferences.

We thank you for your participation

The urn in question contains 8 balls, three of which are yellow and 5 of which are white.

At the end of the experiment one ball will be drawn randomly from the urn. You are given the opportunity to participate in the following specific bet regarding the color of the ball that will be drawn. Note that according to this bet there is no possibility to lose money and in fact you may gain money.

The bet is defined as follows:

You will receive NIS 150 if the drawn ball is **yellow** and nothing otherwise.

Alternatively, you can accept NIS **K for sure** instead of participating in the above bet. **For each** value of K you must state your preferences by circling either the "Yes" or "No" options in the following questions:[4]

1. I prefer NIS 10 over the bet Yes \ No
2. I prefer NIS 20 over the bet Yes \ No
3. I prefer NIS 30 over the bet Yes \ No
4. I prefer NIS 40 over the bet Yes \ No
5. I prefer NIS 50 over the bet Yes \ No
6. I prefer NIS 60 over the bet Yes \ No
7. I prefer NIS 70 over the bet Yes \ No
8. I prefer NIS 80 over the bet Yes \ No
9. I prefer NIS 90 over the bet Yes \ No
10. I prefer NIS 100 over the bet Yes \ No
11. I prefer NIS 110 over the bet Yes \ No
12. I prefer NIS 120 over the bet Yes \ No
13. I prefer NIS 130 over the bet Yes \ No
14. I prefer NIS 140 over the bet Yes \ No

[4] K will be determined randomly at the end of the experiment and may take any one of the values between NIS 10 to NIS 140 (in steps of NIS 10). You will receive the amount K only if you stated that it is preferred over the bet. Otherwise you will participate in the bet. Since your choice will affect the prize you may receive at the end of the experiment, it is in your best interest to mark "Yes" only when you really prefer the sure amount of money K over the bet.

The general structure of the forms in all other treatments in experiments 1 and 2

In this experiment you are required to make some decisions.
At the end of the experiment x students will be chosen randomly to play for real money.
For the rest of you the decisions are hypothetical, but since you all have a chance to be selected, it is in your best interest to make choices according to your true preferences.

We thank you for your participation

The urn in question contains 90 balls of four different types:
1. a yellow ball with X **2**. a yellow ball with O **3.** a white ball with X **4.** a white ball with O. The proportion of the types of balls in the urn is **unknown.**

At the end of the experiment one ball will be drawn randomly from the urn. You are given the opportunity to participate in a specific bet (that will be defined shortly) regarding the type of the ball that will be drawn. Note that according to this bet there is no possibility to lose money and in fact you may gain money.

For your information the following table includes the available data regarding 8 past draws from the urn (presented not necessarily according to the actual order in which the balls were drawn). After each draw the ball was returned to the urn.

8 past draws	**The type of the ball drawn**
1	A ball with X
2	White ball with X
3	A ball with O
4	Yellow ball with X
5	Yellow ball with X
6	Yellow ball with O
7	A white ball
8	A yellow ball

The bet is defined as follows:

You will receive NIS 150 if the drawn ball is **yellow** and nothing otherwise.

Alternatively, you can accept NIS **K for sure** instead of participating in the above bet. **For each** value of K you must state your preferences by circling either the "Yes" or "No" options in the following questions:[5]

1. I prefer NIS 10 over the bet Yes \ No
2. I prefer NIS 20 over the bet Yes \ No
3. I prefer NIS 30 over the bet Yes \ No
4. I prefer NIS 40 over the bet Yes \ No
5. I prefer NIS 50 over the bet Yes \ No
6. I prefer NIS 60 over the bet Yes \ No
7. I prefer NIS 70 over the bet Yes \ No
8. I prefer NIS 80 over the bet Yes \ No
9. I prefer NIS 90 over the bet Yes \ No
10. I prefer NIS 100 over the bet Yes \ No
11. I prefer NIS 110 over the bet Yes \ No
12. I prefer NIS 120 over the bet Yes \ No
13. I prefer NIS 130 over the bet Yes \ No
14. I prefer NIS 140 over the bet Yes \ No

[5] K will be determined randomly at the end of the experiment and may take any one of the values between NIS 10 to NIS 140 (in steps of NIS 10). You will receive the amount K only if you stated that it is preferred over the bet. Otherwise you will participate in the bet. Since your choice will affect the prize you may receive at the end of the experiment, it is in your best interest to mark "Yes" only when you really prefer the sure amount of money K over the bet.

Appendix C

Table 4: The minimum amount (in NIS) which subjects preferred over the lottery in Experiment 1.

Subjects	Treatment a	Treatment b
1	40	10
2	40	10
3	40	40
4	50	40
5	50	40
6	50	50
7	50	50
8	50	50
9	50	50
10	50	50
11	50	60
12	50	60
13	50	60
14	50	60
15	60	60
16	60	60
17	60	60
18	60	60
19	60	60
20	60	70
21	60	70
22	60	70
23	60	70
24	70	70
25	70	70
26	70	70
27	80	70
28	80	70
29	80	80
30	80	80
31	90	80
32	100	80
33	100	90
34	100	90
35	100	100
36	100	100
37	100	100
38	130	100
39		100
40		100
41		110
42		150

Table 5: The minimum amount (in NIS) which subjects preferred over the lottery in Experiment 2, Part 1.

Subjects	Treatment T_W^P	Treatment T_W^{IP}	Treatment T_Y^P	Treatment T_Y^{IP}
1	20	10	10	10
2	30	10	30	10
3	30	10	40	10
4	30	20	50	40
5	50	20	50	40
6	50	30	50	50
7	50	30	60	50
8	50	40	60	50
9	50	40	60	50
10	50	40	60	50
11	50	40	60	50
12	50	50	60	50
13	50	50	70	50
14	50	50	70	60
15	60	50	70	60
16	60	50	70	60
17	60	50	70	60
18	70	50	70	70
19	70	50	70	70
20	70	60	70	70
21	80	60	80	70
22	80	60	80	70
23	80	60	80	70
24	80	60	80	80
25	80	70	80	80
26	90	70	90	80
27	100	70	90	80
28	100	70	90	80
29	100	80	90	90
30	100	80	90	90
31	100	100	90	90
32	100	100	90	90
33			90	90
34			90	100
35			100	100
36			100	100
37			100	100
38			100	100
39			100	100
40			100	100
41			100	100
42			100	120
43			100	
44			100	
45			100	
46			150	

Table 6: The minimum amount (in NIS) which subjects preferred over the lottery in Experiment 2, Part 2.

Subjects	Treatment T_{YO}^{P}	Treatment T_{YO}^{IP}	Treatment T_{YX}^{P}	Treatment T_{YX}^{IP}
1	20	10	20	10
2	20	10	30	20
3	30	10	30	20
4	30	20	30	30
5	30	30	40	30
6	40	30	50	40
7	40	30	50	40
8	40	30	50	40
9	40	40	50	50
10	40	40	50	50
11	50	40	50	50
12	50	40	50	50
13	50	50	50	50
14	50	50	50	50
15	50	50	60	50
16	50	50	60	50
17	50	50	60	50
18	50	50	60	60
19	50	50	70	60
20	50	50	70	60
21	50	50	70	70
22	50	50	80	90
23	50	50	80	100
24	50	50	80	
25	50	60	80	
26	60	60	90	
27	60	60	100	
28	60	60	100	
29	60	60	100	
30	60	60	100	
31	60	70	120	
32	70	70	150	
33	70	80	150	
34	80	80		
35	80	80		
36	80	100		
37	90	100		
38	100	120		
39	100			
40	100			
41	110			
42	110			
43	110			
44	120			
45	120			
46	130			