Supplemental Materials

Instructions Used for mUGs and lotteries

(Experiment 2; Translated from German)

A. Introductory instructions used the mUG and the lottery condition

Welcome to the Experiment

This experiment consists of several parts, in which you will be asked to make various decisions. You will receive 6 euro for your participation. You also have the opportunity to earn an additional bonus, the size of which depends on the decisions you make in the experiment.

At the end of today's experiment, **<u>one</u> of your decisions** will be selected at random and you will be paid accordingly.

> **Because the decision forming the basis for your payment will be chosen at random, you should give careful consideration to <u>each</u> of your decisions!**

Please read the instructions carefully, so that you understand the task and the payment scheme. **If you have any questions during the experiment or if anything is unclear, please raise your hand at any time**. We will come to your table and answer your question directly.

In the experiment we refer to experimental monetary units (EMU). The EMU you earn in your decisions will be converted into Euro at the end.

The rate of exchange is:

3 EMU = 1 Euro.

It is important that you remain quiet throughout the experiment and do not talk to one another until you have left the room. Please turn your mobile phone off and do not put anything on the table.

In the case of any disturbance during the experiment (e.g., incoming phone calls), we will have to exclude you from the experiment and will be unable to pay you.

B. Instructions used in the mUG condition only

We will now explain the rules of the first part of the experiment.

The Decision Situation

You and one other randomly selected person in this room will form a group of two. At no point will either of you find out who the other player is.

In each group of two, there are two roles: **A** and **B**.

- The **participant in role A** decides on one of two options, X or Y, for splitting a sum of money between the two of you.
  Example: In option X, participant A receives 80 EMU and participant B receives 30 EMU. In option Y, participant A receives 20 EMU and participant B receives 60 EMU.

	Option X	Option Y
Participant A	80	20
Participant B	30	60

- The **participant in role B** decides whether to accept or reject the option chosen by participant A. If participant B accepts the option, both participants receive the sums selected by A. If participant B rejects the option, both receive 0 EMU.

  Example: Participant A has chosen option X. Participant B now has two possibilities. If participant B accepts option X, participant A receives 80 EMU and participant B receives 30 EMU. If participant B rejects option X, however, participants A and B will both receive 0 EMU.

Which role you play will be shown on the screen at the beginning of the experiment.

Experimental Procedure

1. As Participant A:

As participant A you have to make decisions in 15 situations. In each situation, you have to decide on one of two options, X or Y. The payment you receive will depend on which of the options you choose.

You will make each decision in a group of two **with a different, randomly selected** participant.

Each option is represented by a stack of face-down cards. Each stack contains two types of cards. On the one hand, there are cards showing that the split was accepted, along with the sum in EMU that each participant received. On the other hand, there are cards showing that the split was rejected, with both participants receiving 0 EMU.

By drawing cards from the stack before making your decision, you can test how frequently each of the two cards occur in the stack – and thus how likely it is that this split will be accepted or rejected by a randomly selected participant B.
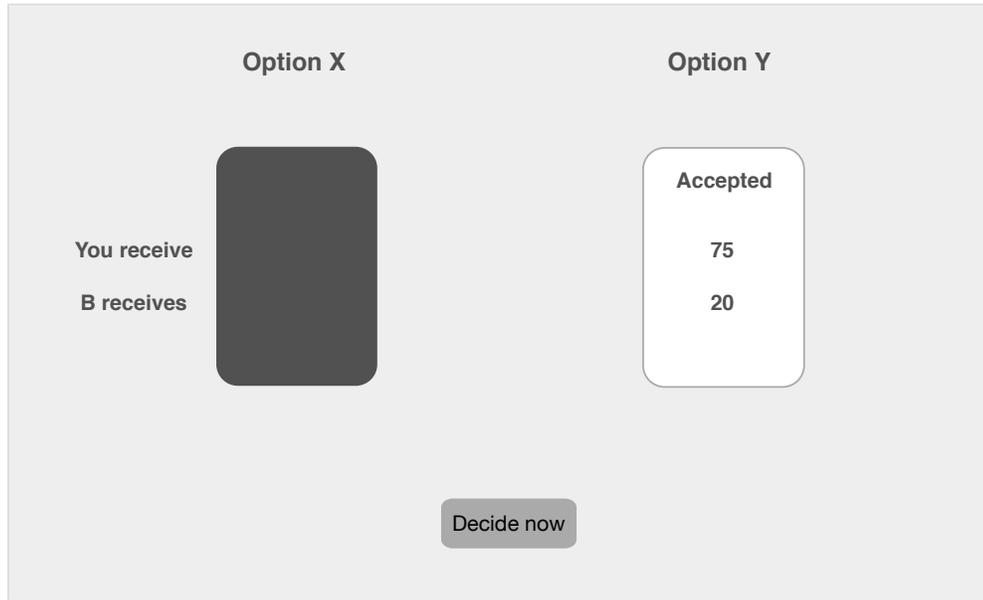
The probability of drawing each type of card reflects the proportions of participants B who accepted or rejected the proposed split in earlier experiments in this lab. In other words, each card represents the decision of one participant B in earlier experiments.

The cards thus give you an idea of how probable it is that participant B in today's experiment will accept or reject an option.

To draw a card, please click on a stack.
You can click on the two stacks in any order.
You can click on each stack **as often as you want.**

Screen view: A player has just clicked on the stack of cards on the right and is shown the card that has been drawn. The left stack has not been clicked and the cards thus remain face down.

When you think you have found out enough about each option and want to make your decision, please click on "Decide Now".

You then have to decide on one of the two options.

To decide on an option, click on the field below it.

Payment

At the end of the experiments, **<u>one of your decisions</u>** will be selected at random.

If participant B accepted the split you chose, you will receive your part of the split as payment for your participation in today's experiment.

If participant B rejected the split you chose, you will receive 0 EMU as payment for your participation in today's experiment.

You will not find out whether participant B accepted or rejected the split you proposed until the end of the experiment.

2. As Participant B:

As participant B, you decide in each situation whether to accept or reject the option selected by participant A.

We would like to ask you to make your decision **before you know which option participant A has actually chosen.** You therefore have to decide whether you will accept or reject each of the two **possible** splits.

In other words, you make two decisions in each situation:
- whether to accept or reject option X **if** A chooses option X AND
- whether to accept or reject option Y **if** A chooses option Y.

You can choose to accept both splits or to reject both splits.

	Option X	**Option Y**
You receive	30	25
A receives	70	75
	○ Accept	○ Accept
	○ Reject	○ Reject

[Next]

Screen view: You will be shown both splits for each situation. To accept or reject a split, click "Accept" or "Reject" under the respective split. Once you have entered your decisions, please click on "Continue" to move on to the next situation.

Payment

At the end of the experiments, **<u>one of your decisions</u>** will be selected at random.

If you accepted the split chose by participant A, you will receive your part of the split as payment for your participation in today's experiment.

If you rejected the split chosen by participant A, you will receive 0 EMU as payment for your participation in today's experiment.

You will not find out which option participant A chose until the end of the experiment.

C. Instructions used in the lottery condition only

We will now explain the rules of the first part of the experiment.

You have to make decisions in 15 situations. In each situation, you have to decide on one of two options, X or Y. The payment you receive will depend on which of the options you choose.
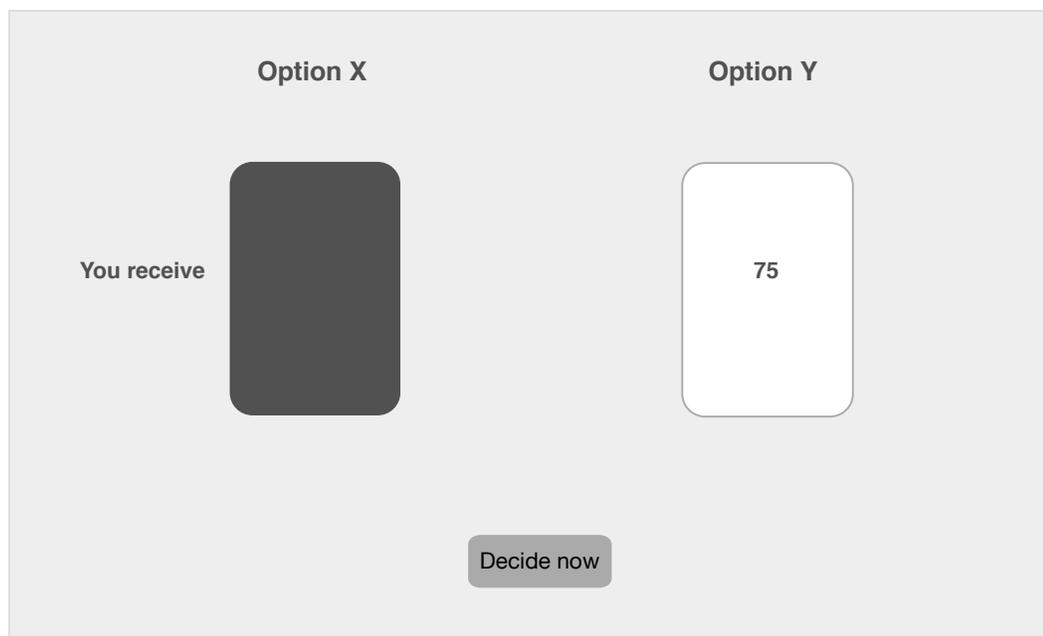
Each option is represented by a stack of face-down cards. Each stack contains two types of cards. On the one hand, there are cards showing that you receive some monetary amount in EMU. On the other hand, there are cards showing that you receive 0 EMU.

By drawing cards from the stack before making your decision, you can test how frequently each of the two cards occur in the stack – and thus how likely it is that this sum or 0 EMU will be selected at random.

To draw a card, please click on a stack.

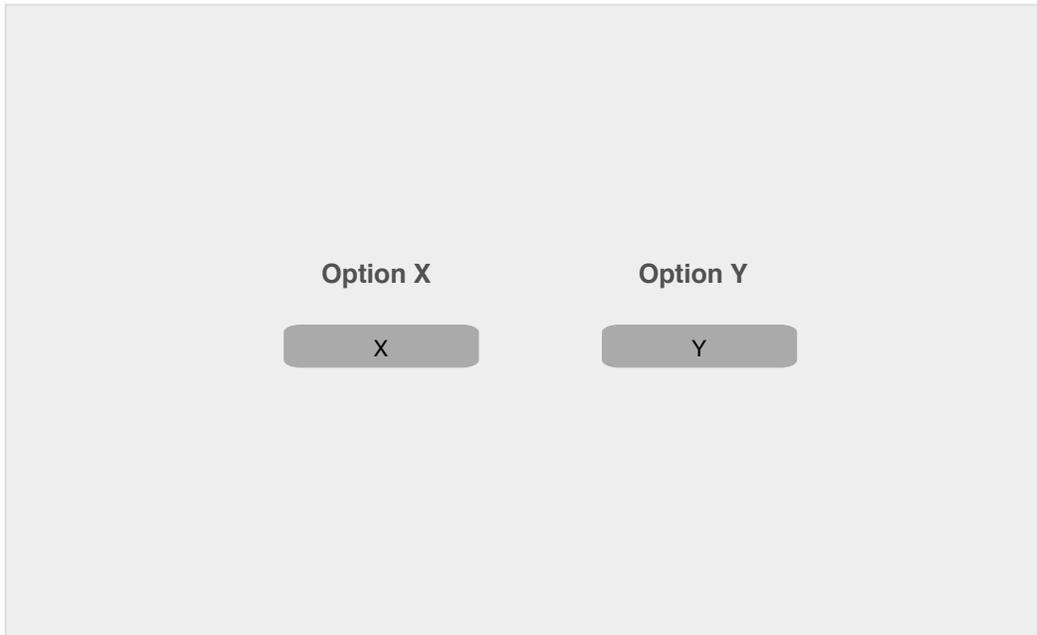You can click on the two stacks in any order.

You can click on each stack **as often as you want.**

Screen view: A player has just clicked on the stack of cards on the right and is shown the card that has been drawn. The left stack has not been clicked and the cards thus remain face down.

When you think you have found out enough about each option and want to make your decision, please click on "Decide Now".

You then have to decide on one of the two options.

To decide on an option, click on the field below it.

Payment

At the end of the experiments, **<u>one of your decisions</u>** will be selected at random.

A draw will then be made from the option you chose, with the respective probability of drawing either the monetary amount in question or 0 EMU.

You will receive the drawn amount as payment for today's experiment.

You will not find out which monetary amount was actually drawn until the end of the experiment.