Safe Asset Versus Risky (SAVR) Task

From: Kramer, Lisa A. and J. Mark Weber, This is Your Portfolio on Winter: Seasonal Affective Disorder and Risk Aversion in Financial Decision Making, *Social Psychological and Personality Science*, forthcoming.

Scoring instructions are provided at the end of the task.

As noted at the outset of this study, you can receive a guaranteed $20 for your participation. As of now, you have earned that $20 and have a right to receive it.

However, we would like to offer you the opportunity to "invest" that money now. Like all non-guaranteed investments, this means you might end up with more than $20 or you might end up with less than $20. (As explained below, you are free to elect not to participate in this investment opportunity.)

We will be asking you to indicate what percentage of your $20 payment (if any) you would like to invest. There is a one-in-two (50:50) chance that this investment will more than double the amount you invest (i.e., it will pay a 110% return on your investment), and there is an equal probability that the risky opportunity will pay a -100% return on the amount you invest (i.e., you will lose the amount you invested).

For example:

> If you invest 100% of your payment ($20), there are equal chances that you will receive either $42 or $0.
>
> If you invest 50% of your payment ($10), then you will receive $10 with certainty, plus there are equal chances that you will receive either $21 or $0. That is, your total payment will be either $31 or $10.
>
> If you invest 0% of your payment, you will receive $20 with certainty.

An independently verified random number generator will be used to determine your outcome. In other words, your payment will be determined in exactly the fashion described.

What percentage of your $20 payment would you like to invest in this risky opportunity? Be aware that if you choose anything other than the last choice, you may not receive the full $20 payment for participating in this study. (You may receive more or less.) This choice is irrevocable.

☐100% (There are equal chances that you will receive either $42 or $0.)

☐ 90% (There are equal chances that you will receive either $39.80 or $2.)

☐ 80% (There are equal chances that you will receive either $37.60 or $4.)

☐ 70% (There are equal chances that you will receive either $35.40 or $6.)
☐ 60% (There are equal chances that you will receive either $33.20 or $8.)
☐ 50% (There are equal chances that you will receive either $31.00 or $10.)
☐ 40% (There are equal chances that you will receive either $28.80 or $12.)
☐ 30% (There are equal chances that you will receive either $26.60 or $14.)
☐ 20% (There are equal chances that you will receive either $24.40 or $16.)
☐ 10% (There are equal chances that you will receive either $22.20 or $18.)
☐ 0% I prefer not to participate in this investment opportunity (You will receive $20 with certainty.)

Scoring:

To construct the SAVR measure of financial risk aversion, calculate 100 minus the percentage value associated with the choice selected. This produces a score that can range in value from 0 for the first option to 100 for the last option. (For example, if the participant selected the second option, 90%, his or her score would be 100-90=10.) The score reflects the percent of the "portfolio" allocated to the safe investment option, hence higher scores indicate greater financial risk aversion.