

# Certainty Effect

Decision 1: which would you prefer:

Option 1A: Win \$50 with probability 50%, win nothing with probability 50%

Option 1B: Win \$30 with probability 75%, win nothing with probability 25%

(Option 1A averages out to \$25, option 1B averages out to only \$22.50 but is less risky)

Decision 2: which would you prefer:

Option 2A: Win \$50 with probability 75%, win nothing with probability 25%

Option 2B: Win \$30 for certain

(Option 2A averages out to \$32.50, option 2B is worth \$30 with no risk at all.)