

A CROSS-SECTIONAL STUDY OF AGE DIFFERENCES IN THE SUNK-COST FALLACY

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Humans are prone to relying on heuristics, leading to biases and mistakes in logic. Proneness may vary as a function of age but there has been relatively little research regarding the relation. In this present study, participants aged 13-85 were asked to read hypothetical sunk-cost scenarios in which the initial investment type was time, effort, or money; they were also asked to select their preferred response to the scenario. Based on the dual-process theory, we predicted that the older age groups would commit the sunk-cost fallacy less often than younger age groups. Our prediction was confirmed. We also predicted that older age groups would not treat the three investment types differently but that younger age groups would commit the sunk-cost fallacy most often when the initial-investment type was money and least often when it was effort. We found greater variation in outcomes across investment types for participants aged 13-45, but those individuals who were 65 and older treated time, effort, and money similarly. Overall, the investment of time was least likely to result in the sunk-cost fallacy.