

How to use Loss Aversion

What it is

We feel the pain of losing something roughly twice as strongly as the pleasure of an equal gain, so a choice can look scary purely because of how it's worded.

When to use it

When a decision feels scarier than it should, or you're avoiding it just because it's framed as a loss.

Steps

1. **Name the decision.** What are you deciding?
2. **Frame it both ways.** Write it as a loss, then write the same decision as a gain.

Common mistake

Letting the wording change your answer, when the actual facts are identical either way.

Pairs with

Regret Minimization and Opportunity Cost.

Example: switching to a commission-based role Mon, Apr 7

The decision

Switching from a fixed salary to a commission-based sales role

Framed as a loss versus a gain

Framed as a loss <i>I could lose my steady, guaranteed paycheck every single month.</i>	Framed as a gain <i>I could earn far more some months than my current salary ever allows.</i>
--	--

My real decision: Try it for 6 months, using savings as a safety net

Gain vs Loss Reframe Sheet

Date: _____

The decision

Framed as a loss versus a gain

Framed as a loss	Framed as a gain

My real decision: _____