

How to spot the Sunk Cost Fallacy

What it is

Money, time, or effort you've already spent is gone either way. It shouldn't decide what you do next, only the future matters.

When to use it

When you're tempted to keep going with something just because you've already put so much into it.

Steps

1. **Name what you've already spent.** Time, money, or effort so far. This part doesn't count anymore.
2. **Compare what's ahead.** If you stop here, what happens? If you keep going, what happens?

Common mistake

Saying 'I've come too far to quit now.' That's the sunk cost talking, not the future.

Pairs with

Opportunity Cost and Regret Minimization.

Example: a gym membership I never use

Date: Sat, Apr 19

Already spent, doesn't count anymore

8 months of a gym membership I barely use

Stop versus keep going

If I stop I save 50 dollars a month and can put it toward a home workout setup.	If I keep going I keep paying, and keep feeling guilty about it every single month.
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Best move from here: Cancel it, try home workouts for 2 months

Sunk Cost vs Future Value

Date: _____

Already spent, doesn't count anymore

Stop versus keep going

If I stop	If I keep going

Best move from here: _____