Supporting Information

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Table S1. Ordinary least-squares regression of survey measure for money illusion on individual activation differences and a dummy for situations involving a nominal loss

Activation differences	Money illusion, regression 1	Money illusion, regression 2
Difference in estimated betas in vmPFC	0.377*** (0.086)	0.396*** (0.130)
1 if nominal_loss		2.744** (1.039)
Nominal_loss × beta differences		−0.039 (0.242)
Constant	−0.504 (0.432)	−1.876*** (0.587)
R^2	0.065	0.187
N	72	72

    Recent research suggests an interaction of loss aversion and money illusion. The idea of "nominal loss aversion" is that (real) losses are more salient, i.e., loom larger in the decision makers' minds, if they are nominal. For 2 levels of real change (−2 and −1), the low-inflation version of our question included a nominal loss whereas the high-inflation version involved a nominal gain. To control for the influence of nominal loss aversion, we regress a measure of money illusion on the activation difference in the vmPFC, a dummy for whether the specific level of real change involved a nominal loss in the low-inflation representation (regression 1) and an interaction of the dummy with the activation difference (regressions 2). Both models use the differences in evaluation between the high- and the low-inflation scenario of each of the 4 levels of real change as dependent variables. For each person we have 4 observations—one for each of the 4 levels of real change (−2, −1, 2, 5). In both regressions we account for the fact that we have 4 observations from each individual by clustering over individuals. The regressions clearly indicate that nominal loss aversion plays a significant role in the sense that our measures for money illusion are higher for those situations that involve a nominal loss in the low-inflation scenario. However, the regressions also show that the positive correlation between our questionnaire measure for money illusion and the beta differences from the scanner persists when we control for nominal loss aversion. The interaction term is not significant, indicating that the effect of nominal loss aversion is a level and not a slope effect. ** and ***, significance at the 5% and 1% levels, respectively. Robust standard errors clustered over individuals are given in parentheses.

Table S2. Random-effect results for model 1 at *P* < 0.001 uncorrected and a 10-voxel extent threshold

Region	Peak TAL coordinates, [*X/Y/Z*]	Cluster size	*T*-value
@ outcome high > low			
Superior medial frontal gyrus*	12/47/0	11	4.10
@ outcome low > high			
No significant activation			
@ outcome modulated by real income, high > low			
Right amygdala	27/−6/−12	34	4.67
Right putamen	21/10/1	12	4.24
Right caudate	16/4/14	11	4.14
Left putamen	−31/−7/−3	10	4.07
@ outcome modulated by real income, low > high			
No significant activation			
@ outcome modulated by prediction error, high > low and low > high			
No significant activation			

*This area is also activated in the contrast "@ outcome modulated by real income, high > low" but only at *P* < 0.005 uncorrected (*T* = 3.11).