

FOR MINISTRY LEADERS

PHILANTHROPY

A Primer on Challenge Gifts and Matching Gifts



Warren Cole Smith • December 8, 2020

We've entered year-end giving season, and you're likely to see a lot of emails in your in-box like the one I just received from Unto, a division of CRU. That email said: "I want to let you know that when you give to the Unto[®] Maximum Impact Fund, your support shares help and hope with TWICE as many people. A generous matching gift **DOUBLES every dollar** given up to \$300,000!"

What are matching gifts? How do they differ from challenge gifts? Are they legitimate fundraising tools, and do they make a difference? MinistryWatch attempts to briefly answer these questions.

What is a matching gift?

A matching gift is a promise from a donor to match other gifts that are received during a particular time period. The purpose of a matching gift is to encourage smaller donors to give with a promise to double their gift. In a true "matching gift" situation, if smaller donors don't contribute, then the organization doesn't get the matching gift either. It is a gift *contingent* on the behavior of others.

What is a challenge gift?

A challenge gift is a gift given to a ministry to challenge other people to give. The challenge gift is *not contingent* upon the giving of others. It is simply a way of letting donors know they are not alone, that others believe in the ministry and are willing to make significant gifts to it.

You often hear challenge gifts on radio and television "share-a-thons" or other on-air fundraising efforts. They might sound something like this: "John Doe just gave us \$100 and he encourages his fellow members at First Baptist Church to do the same."

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Are challenge gifts and matching gifts ethical?

Yes, challenge gifts and matching gifts are completely ethical. If executed properly, there is nothing illegal or unethical about a matching gift.

According to the [Evangelical Council for Financial Accountability](#): "Using challenge and matching gifts as a part of your fundraising program can be very effective. As in all fundraising communications, truthfulness is a hallmark ([ECFA Standard 7.1](#)) as are appeals that do not create unrealistic donor expectations ([ECFA Standard 7.2](#))."

Are matching gifts and challenge gifts effective?

The data suggest that matching gifts are. [Philanthropy Works](#) said just declaring a matching gift increases giving by 19 percent. It said a match increases the likelihood that an individual gives by 22 percent.

But some Christian organizations report much higher results. In one recent experiment done by the consulting firm NextAfter with its client Alliance Defending Freedom, a matching gift resulted in a dramatic increase – more than 87 percent – in the effectiveness of its email communications. (You can dig into [the details of that study here.](#))

Note, however, that a similar study done with Museum of the Bible yielded a significantly different result: an increase in about 50 percent. (You can [read more about that experiment here.](#)) This result is obviously much lower, but it's important to note that even this very different result indicates that matching gifts make a real difference.

The impact of challenge gifts are more difficult to quantify, but they seem to have a positive impact, too. Chuck Bentley, of Crown Financial Ministries, assesses matching gifts this way: "Our major partners see it as good stewardship. If their \$100-k can become \$200-k, then all the better." He says of challenge gifts: "It is similar to driving by and seeing cars parked outside a restaurant vs. an empty parking lot. It signals that others believe in the establishment."

MinistryWatch's advice to donors and ministry leaders

MinistryWatch neither opposes nor encourages the use of matching gifts or challenge gifts. They are tools that can be used ethically and we encourage ministry leaders to make the decision prayerfully, based on their own fundraising philosophy and the guidance from their boards and other trusted advisors. As the widely varying results in the NextAfter experiments indicate, matching and challenge gifts are just one aspect of a campaign. For a campaign to be successful, the various aspects must work together.

We also encourage ministry leaders [to take extreme care in the language they use](#) to represent themselves to donors and prospective donors. Do not represent a "challenge" gift as a "matching" gift unless it truly is.

As for donors: We encourage donors to "read the fine print" of communications from ministries. A true matching gift situation could be an opportunity to maximize the impact of your gift. And challenge gifts can help you to know that the ministry is able to put together a healthy mix of donors, large and small.

But know the difference between challenge and matching gifts, and ask questions of the ministry if you have concerns. Great ministries have good answers to hard questions. Hard questions give you, the donor, an opportunity to "flush out" and avoid bad ministries, and they give great ministries an opportunity to shine.