There are many examples of traditions that build camaraderie in the military, law enforcement and security divisions but few are as well-respected as the practice of carrying a challenge coin—a small medallion or token that signifies a person is a member of an organization. Even though challenge coins have broken into the civilian population, they’re still a bit of a mystery for those outside this line of business.

What Do Challenge Coins Look Like?
Typically, challenge coins are around 1.5 to 2 inches in diameter, and about 1/10-inch thick, but the styles and sizes vary wildly—some even come in unusual shapes like shields, pentagons, arrowheads, and dog tags. The coins are generally made of pewter, copper, or nickel, with a variety of finishes available (some limited edition coins are plated in gold). The designs can be simple—an engraving of the organization’s insignia and motto—or have enamel highlights, multi-dimensional designs, and cut outs.

Challenge Coin Origins
It's nearly impossible to definitively know why and where the tradition of challenge coins began. One thing is certain: Coins and military service go back a lot farther than our modern age. One of the earliest known examples of an enlisted soldier being monetarily rewarded for valor took place in Ancient Rome. If a soldier performed well in battle that day, he would receive his typical day’s pay, and a separate coin as a bonus. Some accounts say that the coin was specially minted with a mark of the legion from which it came, prompting some men to hold on to their coins as a memento, rather than spend them on women and wine.

Today, the use of coins in the military is much more nuanced. While many coins are still handed out as tokens of appreciation for a job well done, especially for those serving as part of a military operation, some administrators exchange them almost like business cards or autographs they can add to a collection. There are also coins that a soldier can use like an ID badge to prove they served with a particular unit. Still other coins are handed out to civilians for publicity, or even sold as a fund-raising tool.

The First Official Challenge Coin
Although no one is certain how challenge coins came to be, one story dates back to World War I, when a wealthy officer had bronze medallions struck with the flying squadron’s insignia to give to his men. Shortly after, one of the young flying aces was shot down over Germany and captured. The Germans took everything on his person except the small leather pouch he wore around his neck that happened to contain his medallion. The pilot escaped and made his way to France. But the French believed he was a spy, and sentenced him to execution. In an effort to prove his identity, the pilot presented the medallion. A French soldier happened to recognize the insignia and the execution was delayed. The French confirmed his identity and sent him back to his unit. The coin saved his life.

Special Forces Coins
Challenge coins began to catch on during the Vietnam War. The first coins from this era were created by either the Army’s 10th or 11th Special Forces Group and were little more than common currency with the unit’s insignia stamped on one side, but the men in the unit carried them with pride.

More importantly, though, it was a lot safer than the alternative—bullet clubs, whose members carried a single unused bullet at all times. Many of these bullets were given as a reward for surviving a mission, with the idea that it was now a “last resort bullet,” to be used on yourself instead of surrendering if defeat seemed imminent. Of course carrying a bullet was little more than a show of machismo, so what started off as handgun or M16 rounds, soon escalated to .50 caliber bullets, anti-aircraft rounds, and even artillery shells in an effort to one-up each other.

Unfortunately, when these bullet club members presented “The Challenge” to each other in bars, it meant they were slamming live ammunition down on the table. Worried that a deadly accident might occur, command banned the ordnance, and replaced it with limited edition Special Forces coins instead. Soon nearly every unit had their own coin, and some even minted commemorative coins for especially hard-fought battles to hand out to those who lived to tell the tale.

President (and Vice President) Challenge Coins
Starting with Bill Clinton, every president has had his own challenge coin and, since Dick Cheney, the vice president has had one, too.

There are usually a few different Presidential coins—one for the inauguration, one that commemorates his administration, and one available to the general public, often in gift shops or online. But there's one special, official presidential coin that can only be received by shaking the hand of the most powerful man in the world. As you can probably guess, this is the rarest and most sought-after of all challenge coins.

The President can hand out a coin at his own discretion, but they are usually reserved for special occasions, military personnel, or foreign dignitaries. It’s been said that George W. Bush reserved his coins for injured soldiers coming back from the Middle East. President Obama hands them out fairly often, most notably to soldiers that man the stairs on Air Force One.
Beyond the Military
Challenge coins are now being used by many different organizations. In the federal government, everyone from Secret Service agents to White House staff to the President's personal valets have their own coins.

However, thanks in part to custom coin companies online, everyone's getting in on the tradition. Today, it's not uncommon for police and fire departments to have coins, as do many civic organizations, such as the Lions Club and the Boy Scouts. Even the Star Wars cosplayers of the 501st Legion, Harley Davidson riders, and Linux users have their own coins. Challenge coins have become a long-lasting, highly-collectible way to show your allegiance anytime, anyplace.

Challenge Coin Rules

• The coin should be controlled at all times. Giving a coin to just anyone is like opening a fraternity to just anyone. It is an honor to be given a coin, let's keep it that way. A given or awarded coin is of more personal value than a purchased coin.
• No holes may be drilled in a coin.
• If a coin is lost, replacement is up to the individual. A new coin should be acquired at the earliest opportunity.
• Losing a coin and not replacing it doesn't relieve a member of his or her responsibilities.

Challenge Coin Drinking Game Rules

• The coin MUST be carried at all times. You can be challenged for it anywhere, at any time. You must produce the coin without taking more than 4 steps to produce it.
• When challenging, the challenger must state whether it is for a single drink or a round of drinks.
• Failure to produce a coin, for whatever reason, results in a bought round or single drinks (whatever the challenger stated). This type of transaction could be expensive, so hold onto your coin. Once the offender (coinless challengee) has bought the drink or round, they can't be challenged again.
• If all that are challenged produce their coins, the challenger loses and must buy the drinks for all respondents. This too can be expensive, so challenge wisely.
• Under no circumstances can a coin be handed to another in response to a challenge. If a person gives their coin to another, that person can now keep the coin -- it's theirs!!! However, if a person places the coin down and another person picks it up to examine it, that is not considered giving and the examiner is honor-bound to place the coin back where they got it. The examiner can't challenge while they hold another's coin. After negotiating a "reasonable" ransom", the examiner must return the member's coin.
• There are no exceptions to the rules. They apply to clothed or un-clothed. One step and an arms reach are allowed.
• A Coin is a Coin. They are not belt buckles, key chains or necklaces. Coins worn in a holder around the neck are valid.
• The above rules apply to anyone who is worthy to be given/awarded a coin, has a purchased coin, or who is known to be a previous coinholder.

Side notes

1. You don't ask to be given a coin, it should be awarded.
2. You can ask to trade coins but if you want to trade a coin it's a coin for a coin, not a pin or an agency patch for a coin.
3. If a person wants to trade you two coins for yours it's ok because her or she offered but you never should ask to have two coins for one of yours.