IRS SECTION 132 AND EXECUTIVE PROTECTION

Executive Security & the Tax Code

AT-RISK™

WHAT IS IRS SECTION 132?

Section 132 permits employer-provided security services to be excluded from an executive's taxable income when the primary purpose is to protect the employer's business interests rather than to provide a personal benefit.

COMMON MISCONCEPTIONS

- Applies only to CEOs.
- Every executive automatically qualifies.
- It is a loophole or special tax break.
- A documented security need is not required.
- Employer oversight is not required.

WHO QUALIFIES

- CEOs
- Public Company Executives
- High-Profile Individuals
- Employees Facing Documented Threats

QUALIFYING CIRCUMSTANCES

Specific Threats

Death, kidnapping, or serious harm threatened against the employee or another individual in a comparable role or position.

Terrorist Activity

Recent history of violent terrorist activity in the employee's travel area.

WHAT SECURITY SERVICES MAY QUALIFY

- **Residential Security:** Home security systems recommended for protection.
- **Vehicles & Drivers:** Security upgrades and a trained driver or personal protection specialist for protection.
- **Corporate Aircraft:** Security-related flights are valued at 50% of the standard taxable rate.
- **Family Travel:** Family traveling with the executive also qualifies for the same 50% reduced taxable rate as the executive's travel.

THE QUALIFICATION PROCESS

- Threat Assessment
- Independent Security Assessment
- Employer Policy
- Protective Services
- Ongoing Documentation & Review

WHY IT MATTERS

Threats against executives are a real and growing business risk. Section 132 allows organizations to protect key personnel, without creating an unplanned tax burden for the executive or the business.

KEY BENEFITS

FOR EMPLOYERS

- Reduces reported executive travel costs in public company disclosures.
- Supports efforts to reduce insurance costs by mitigating security risks.
- Demonstrates due diligence through documented security assessments.

FOR EXECUTIVES

- Avoids additional income tax on qualifying security benefits.
- Extends tax-favored protection to qualifying family travel.
- Ensures continuous protection across home, work, and travel.

ORGANIZATIONS PURSUE THIS TO:

- Protect key personnel
- Support business continuity
- Improve executive retention
- Meet duty-of-care obligations
- Mitigate organizational risk

HOW ORGANIZATIONS QUALIFY

1 OPTION 1 • MOST COMMON

Independent Security Assessment

1. Conducted by an independent security consultant.
2. Designed to provide an objective assessment of security risks.
3. Determined that 24-hour protection is not necessary.
4. Recommendations applied consistently.

2 OPTION 2

24-Hour Protection

Continuous protection at home, at work, and while traveling through trained security drivers, secure vehicles, and controlled access.

BEYOND THE TAX BENEFITS

Insurance Premiums

Helps reduce insurance costs through a validated security program.

Liability Protection

Demonstrates due diligence with documented security assessments and decision-making.

Ongoing Reinforcement

Maintains a strong, current security program through regular reviews and updates.

HOW AT-RISK CAN HELP

- Conduct independent security assessments.
- Evaluate executive risk exposure.
- Design defensible protection programs.
- Develop documentation that supports employer decision-making.
- Deliver executive protection services.
- Periodically reassess evolving risks.

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