

Data-Path Limited & Implementation of MIS in outsourcing

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This report is submitted to the school of Business and Economics, United International University as a partial requirement for the degree fulfillment of Bachelor of Business Administration

Data Path Limited & Implementation of MIS in outsourcing

Submitted to:

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Letter of transmittal

December 29, 2021

To

Ahmed Imran Kabir

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Subject: Submission of the Internship Report on Data-Path Limited

Dear Sir,

It is my great pleasure to show you my internship report on Data-Path titled "Data-Path Limited & Implementation of MIS in outsourcing"

It has been a great learning experience for me that allowed me to go through a pragmatic exposure. As a result, I have managed to analyze the Internal Operation of the organization.

Therefore, I would want to thank you for assigning me such a responsibility and for assisting me to make the internship report appropriately.

Sincerely,

Tasnova Salmin

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Certification of similarity index

This is to confirm that the Internship Report on “Data-Path Limited & Implementation of MIS in outsourcing” is pre-paired by Tasnova Salmin, as an academic requirement regarding Bachelor of Business Administration (BBA) degree based on pragmatic experience of internship program.

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Signature of the StudentTasnova Salmin.....

Signature of SupervisorAhmed Imran Kabir.....

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Declaration of the student

I, Tasnova Salmin, has prepared “Data-Path Limited & Implementation of MIS in outsourcing” and described all the personal experiences and observations through this report. Moreover, all the materials that are provided are output of my own work. However, it required support of several individuals which are mentioned appropriately.

I will also assure the fair usage of this report. As it is an academic document, it is allowed to use for educational purposes only. Therefore, the confidentiality of information can retained from any external parties.

Tasnova Salmin

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Acknowledgement

It is not possible to achieve anything alone so it will be unfair if those names remain silent. First of all, I would want to express my deepest gratitude to Almighty Allah for giving me the strength and composure to execute this task within the due time period. I would like to mention those names who tremendously assisted me in my daily operations, shared their time and valuable information that went into preparing this report. First of all, I would like to show my gratitude to Mr Sifullahil Maruf QKA, Manager, Actuarial and M. Shahadat Chowdhury QKA, AGM (BPO) at Data-Path Limited. He is an experienced practitioner who is specialized personnel in terms of Pension Planning. I am extremely fortunate to have him during my internship period because he was very kind and took the time to explain various concepts, Challenges of the 401K industry, and their practical implications. I would also want to convey my respect to KH. Fazle Rabbi, the Director (HR) in Data-Path Limited, who has made sure that I have the appropriate supervision. As a result, I have received the right attention that helped me to learn the tasks quicker. Moreover, I would also like to acknowledge Mr. Tahasin Ali Senior Trainee Officer, BPO, Mr. Sheikh Zamil din Zaman, team leader, Actuarial, Data-Path Limited, who directly supervised me and taught me a lot of the technical aspects of 401k plans. Moreover, he showed me various techniques that have simplified my daily tasks and helped to get used to the corporate environment.

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Adjunct Faculty, United International University for his recommendations, guideline, and motivation from time to time that has highly impacted my report. As a result, it was possible for me to create this report within the deadline.

Abstract/ Executive summary

Data-Path Limited is a Business Process Outsourcing Company which started in 2008 and works for International and Nation-wide businesses. It specializes on pension planning, financial planning and preparing various documents for their clients. There are many departments that oversees different aspect of the plan and collaborate with each other on delivering a complete service. However, some departments are independently controlled and does not require any support to present all the services to their clients. Moreover, it has also developed an incredibly capable software division that construct intricate software solution to resolve their problems. Due to the significant escalation of the outsourcing industry, Data-Path is also seeing tremendous positive growth. As a result, the client satisfaction and number of client has expanded in the recent path. As it is required to be conducted by a specialized individual, the potential to sustain amplifies because of the long term client retention rate. As it is such a niche industry, it is critical to find people who are experts in the area. Therefore, it creates a wall of specialized skills which is only acquired by a small number of organization. Which creates barriers for anyone and only a few can enter this industry. So, the clients tend to prefer getting their services from the same organization as they become familiar with each other's pattern of work. In future, Data-Path may keep adding more value to their clients through introducing new services such Cash Balance plans and their unique software solutions.

The principal purpose of MIS is to provide support to the business operations for any business. If the MIS system is inefficient and rigid, it will adversely affect the business operation. As a result, there must be new concepts and experiments conducted regularly. Therefore, resources are used at their potential which will result in greater success. This report has explored those challenges and scope of improvements to make the MIS process more sophisticated.

It is also vital to maintain the technological elements in the organization. As it provides all the services remotely, the hardware requires adequate care and software need to be

licensed consistently. Moreover, any hindrance in the internet connection or server can severely disrupt the workflow.

There are also several alarming factors apart from its perks. A rising number of legal change taking place so the experts needs to be updated with the latest information before working on any projects. Moreover, any governmental changes can detrimentally affect this industry as it is so directly regulated. Furthermore, if the financial market becomes instable, it can seriously damage the potential return resulting negative outcome for the industry.

Only a person with the appropriate knowledge can work in this industry, so it is necessary to train every individual. As the information are entirely new, it is crucial to go through every details and master the concepts internally. It is also a never ending learning process as the rules and regulations are updated quite frequently.

Finally, this report also makes some suggestions to improve the holistic operations and environment of organization. Therefore, the MIS system may consider all the moving parts and provide support to all the departments of the organization.

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Contribution Reconciliation:

Beginning Balance of Software – Beginning Balance Calculated = Prior Year
Receivables

Current Year Contributions – Prior Year Receivables = Available

Actual Balance in Software – Available = Current Year Receivables

List of Abbreviation

RPF: Retirement Plan fundamentals

TPA: Third party administrator

DB: defined benefit

DC: defined contribution

CB: cash balance

HCE: highly compensated employee

NHCE: non highly compensated employee

SH: safe harbor

PS: profit sharing

NDT: Nondiscriminatory test

ADP: Actual deferral percentage

ACP: Actual Contribution Percentage

ASPPA: American Society of Pension Professionals & Actuaries

DOL: Department of Labor

ERISA: Employee Retirement Income Security Act

IRS: Internal Revenue Services

IRC: Internal Revenue Code

SIMPLE: Savings Incentive Match Plans for Employees

CHAPTER I: INTRODUCTION

I.1 Background of the Report

Most organizations are under significant pressure to improve their operational, tactical, and strategic processes due to the growth of a competitive global environment. An information system (IS) is a collection of components that work together to improve competitiveness and provide better data for decision-making.

As a result, many businesses decide to implement information systems (IS) in order to improve their effectiveness and efficiency. A lack of technical knowledge and varied challenging issues that hinders the implementation process. On the other hand, it could create problems for the entire process.

Furthermore, the lack of key successful examples are the issues that appears to be a significant roadblock in the implementation of management information systems (MIS). MIS implementation has ramifications for an organization, and these ramifications are linked to the outcomes of business processes.

The principal objective of this thesis is to display the MIS execution challenges or issues, as well as to distinguish the major challenges that must be addressed for attaining effective execution in outsourcing.

A research framework is used to illustrate such challenges and success factors. Furthermore, this research provides such portrayals of execution impacts and results that have an effect on the organization and its forms. The inquire for this proposal was isolated into three parts: common foundation writing on data frameworks, execution perspectives, and writing on organizational impacts.

The study of the research framework and empirical findings has resulted in a description of the main challenges and key success factors in MIS implementation, as well as the identification of significant effects and consequences.

The main findings of this thesis show that MIS implementation is fraught with difficulties, the majority of which are related to both management, administration, and people issues. Moreover, it was determined that the most important issues that the MIS implementation project should address focused primarily on the project team and their collaboration. The final crucial finding focuses on effects and consequences, and it was discovered that MIS implementation primarily affects business processes that result in change, such as jobs, routines, and so on.

I.2 Objectives of the Report

The goal of this thesis is to present and describe MIS implementation challenges or problems, as well as to identify key issues that must be addressed in order for implementation to be successful. Furthermore, this study aims to explain the effects and consequences of implementation on the organization and its processes.

I.3 Motivation of the Report

Given the foregoing context, it's vital to emphasize that a limited understanding of many and different tough complexities that surround the implementation process could derail the entire MIS development and Implementation process. Furthermore, a significant hurdle in the MIS implementation process is regarding formulation of a standard distinction process regarding key issues. In order to carry out a successful implementation, it is critical to define and manage success factors.

Furthermore, MIS implementation provides support to an organization, and these contribute towards the outcome of business processes. As a result, this is a critical issue for a company to consider when implementing a new management information system. This study's problem focuses on the challenges and key success factors associated with IS implementation. Furthermore, the problem discussed in this research relates to the effects and end results of the organization's ultimate process. .

I.4 Scope and limitations of the Report

The scope refers to the area where the knowledge could be applied. The topics covered in this report are related to the plan procedure and management. Based on my research, I will specifically shed light on the Allocation division of a retirement plan. It also took specialized consultation of others and additional finished plans that acted as a sample for this report. This study considers the current US retirement plan regulations, with the corresponding sections of the regulations becoming obsolete if the regulations are amended.

Limitations:

- Some essential information isn't shown due to the separation control. For example, the client's Social Security Number (SSN), how vital their compensation is, how much they contribute to get an employer's return or profit-sharing formula, and which formula the client follows. Therefore, exposing any sanctioned records out of service time is strictly prohibited.
- The majority of the information is gathered from secondary sources, and the data's accuracy is called into question in some cases. Not all outcomes are

the same as the ones we've discovered. It varies depending on the design of the plan. Occasionally, the same rules may completely change the overall result.

- The accumulated expertise isn't been structured into numerous parts. Rather, The Retirement Provident Fund (RPF) is made up of only two parts and no additional statistics are provided.
- Several rates and ranges related to workers' compensation limit, HCE limit, officer's compensation varies from time to time. As a result, making comparisons would not be fair.

I.5 Definition of Key terms

401(k): retirement savings plan

Dual: semiannual

Deferral: employees contributed portion from salary before tax

Participant: employee

Sponsor: employer

Key: owner

Match: employer contribution

Census: client's employee data

Eligibility: eligibility to enter in to the pension plan

Forfeiture: unvested portion

Amendment: change

Client: Who assigns task to TPA

CHAPTER II: COMPANY AND INDUSTRY PREVIEW

2.1 Company Analysis

Outsourcing refers to the process of providing a business function's, project or day-to-day operations to a third-party entity. A contract is signed by the client organization and the provider that specifies all the services that will be delivered. Under the terms of the agreement, the TPA obtains the necessary means of service by transferring skilled human resource, assets, and other resources from the client. The client can only use the services up to a certain time duration which is mentioned in the contract. Therefore, if any task requirement is needed, it is directly outsourced to the offshore service provider who are working from a remote location.

Although Bangladesh is a developing market, it offers a lot of attractive opportunities for the potential clients such as lower cost in return of skilled professional, vast young labor force. Moreover, due to having the adequate resources, it is feasible to capture and lead the future outsourcing industry.

Outsourcing can prove to be a win-win situation for both the service providers and clients because it helps the clients to keep their costs relatively low. As a result, companies can extract an enormous advantage in this current competitive market.

Thus an outsourcing company Data-Path is set to provide a service on behalf of the parent company July Business Services of the United States. This way the parent company gets to cut expenses and to meet relevant milestones.

While working as a Certified Public Accountant in the early 1980s, Jim Hudson began specializing in retirement plans. During this time, Jim earned a reputation as a leading expert on this chaotic subject. Prior to joining the firm in July 1994, he was in charge of developing and managing a sizable retirement plan practice.

John Humphrey began his career as a Certified Public Accountant with a well-known accounting firm, where he provided tax advice before concentrating on retirement plan administration. John co-founded July Business Services in 1994.

2.1.1 Overview and history

In 1995, July Business Services started its work with little to zero clients and a small office space. Management concentrated its efforts in the early years on forming strategic commercial connections, hiring key personnel, and developing corporate processes and procedures. The company's marketing efforts did gain numerous referral relationships with financial advisors, mutual fund companies, banks, and brokerage firms. These collaborations assisted in the creation of considerable development for the first few years. By the end of 1996, JBS got itself over 250 retirement plan clients and 5 employees.

The current management team are well skilled with 40 years of experience, and they have received numerous recognition from industry's top organizations. Today, July serves over 3,900 retirement plans in 48 states, and for implementing this huge operation efficiently, As a result, it included entire plan administration outsourcing for national retirement plan providers, simultaneously establishing a large numbers of

existing customer relationships. In order for July Business Services to achieve its goals, Data-Path is providing all the support as a Branch Office that is leading is towards a successful outcome.

How it started

July Business Services began operations in 1995 with no clients and a semiprofessional office. Management concentrated its efforts in the early years on forging strategic commercial relationships, hiring key personnel, and developing corporate processes and procedures. Financial advisors, mutual fund companies, banks, and brokerage firms were among the businesses that benefited from the company's marketing efforts. These collaborations aided in the development of moderate development for the first several years. By the end of 1996, JBS had over 250 retirement plan customers and 5 employees.

Its management team now has more than 40 years of business experience, and its staff includes seasoned consultants who have been accredited by leading industry organizations. It now serves over 3,900 retirement plans in 48 states, and in order to do so quickly and effectively, it included entire plan administration outsourcing for national retirement plan providers, as well as conversions of a large number of existing customer relationships. In order for July Business Services to meet its objectives, Data-Path is acting as a Branch Office, providing complete operational support.

Vision:

'To become the best retirement plan administrator in the United States.'

Mission statements:

'Is to enable financial advisors and plan sponsors to choose the retirement plan solution that works best for business owners and their workers by providing responsive, unbiased,

and dependable plan design, administration, recordkeeping, and consulting that encourages retirement saving.'

Company's core VALUES:

'Core values inspire behaviors throughout our organization that will assist us in carrying out our purpose, vision, and goals.' (Jim Hudson, July Business Services CEO) It thinks that adhering to the following basic ideas is essential to success:

- Accountability
- Success should be celebrated.
- Commitment to people Commitment to excellence
- Inventive solution
- Communication that works
- Accept diversity.
- Concentrate on proactive solutions.
- Including exceptional service
- a positive outlook
- Result-oriented transformation
- Collaboration
- Technical expertise

2.1.2 Trend and growth

Team building:

Data Path experienced increased growth from 2008 to 2017 and added a number of key employees and partnerships. During this time, company management achieved the following key goals:

- Established the Foundation for Employee Culture.
- Service delivery efficiency has been improved.
- New Business Team was established.
- Client Consulting Teams were formed.
- ERISA Consulting Team was formed.
- A dedicated Distribution Team was formed.

Strategic partnership created:

In order to provide the best in retirement services, July has formed close relationships with service providers who works strategically. July serves the clients and participants with its combined services.

Families of Mutual Funds: We can offer your participants a variety of portfolios thanks to our mutual fund partners. Our mutual fund partners provide high-quality mutual fund investment options, and July offers sustainable with time plan administration and daily valuation recordkeeping through these partnerships.

A number of key financial partners were established, including American Funds, MFS, Hartford, First Mercantile, ING, John Hancock, and others. These alliances continue to assist Data-Path clients by providing a wide range of investment options as well as automated plan record-keeping. Its record-keeping partners provide retirement plan platforms with multi-fund family investments, online participant access, comprehensive fiduciary services, investment advice, and other important plan features. Through these partnerships, July provides full administration and compliance testing.

July's recordkeeping partners provide automated retirement plan platforms that include internet access, daily valuations, and a wide range of investment options.

2.1.3 Customer mix

Data Path have 2 types of customer

- Direct customer of July services
- Other TPA who get their work done by July services through Data-Path

2.1.4 Product/service mix

The following services are provided to July Business Services and Data-path Limited's US business clients

1. Designing a Plan
2. Plan Implementation
3. Plan Management
4. Services to Participants

1. Design of the Plan:

It creates retirement plans that are tailored to the needs of each employer. Whether the goal is employee recruitment and retention or maximizing benefits for key employees, it has the expertise to design the best plan for clients.

2. Setup of the Plan:

It provides all of the offerings required to set up a retirement plan or convert an already existing plan from another provider in a timely manner.

a. Plans and Documents:

It offers complete plan documentation created by ERISA consultants with years of experience. It has the following features:

- Documents for Prototype Plans
- Documents Submitted by Volume Submitters
- Descriptions of Summary Plans
- Policies on Loans
- Procedure for QDRO
- Other Forms That Are Required

b. Plan Layout & Conversion:

Data-dedicated path's setup team provides hands-on assistance with all corners of plan setup or conversion. Among the services we provide are:

- Gather Enrollment Materials
- Enrollment Meetings Should Be Coordinated
- Setup paperwork should be prepared.
- Procedures for Contribution Submission
- Coordination of Asset Transfer
- Prepare a letter for the previous provider.
- Coordination of Information Required for Takeover

3. Plan Administration:

The consultants of Data-path have over three years of expertise in plan administration and are experts in this highly technical subject. The client's plan is served by a dedicated account representative who is assisted by a team of competent professionals.

a. Operation Support Planning:

It offers what is needed to maximize the value of the plan, including phone and e-mail access to its assistants. Among its offerings are the following:

- Eligibility Calculations
- Contributions Allocations
- Vesting Calculations
- Loan Processing and Distribution

b. Compliance Testing:

Its account representative provides complete compliance testing services to assure the plan's integrity. The following are some of the testing services it provides:

Its account representative provides complete compliance testing services to assure the plan's integrity. The following are some of the testing services it provides:

- Top-Heavy Test
- ADP/ACP Test
- Minimum Coverage Test
- Nondiscrimination Test

c. Tax Obligation:

To meet all tax filing requirements, Data-path experts deliver signature-ready tax returns.

The following are some of its services:

- Form 5500
- Forms 1099-R and 945
- Form 5330 (when needed)
- Form 5310 (for plan termination)

d. Keeping Records:

Data-path and July provide automated recordkeeping services through their alliance partners and July's daily valuation recordkeeping platform:

Internet access is available 24 hours a day, seven days a week

- Accounts valuation every day.
- Account Access for Plan Sponsors
- Quarterly Participant Reports

4. Services to Participants:

July provides high-quality tools for participants to plan for and achieve a secure financial future through alliance partnerships with financial providers.

2.9 MATERIALS FOR ENROLLMENT:

July provides members with professional enrollment materials to assist them with making enrolling and investing decisions. These resources usually include the following:

- Workbooks for Enrollment
- Education in Investments
- Worksheet for Risk Assessment
- Fact Sheets on Investments
- Forms for Enrollment

2.1.5 Operations

Department wise operations of Data path limited

Accounting Department

Accounting department provides accounting and financial support for Data Path. This department is responsible for a variety of tasks, including billing all work to other branches, stock statistics, employee compensation, and monetary assertion.

Department of Allocation

The allocation department's purpose is to distribute cash to each plan member on a continuous basis and to provide statistics to workflow 5500. As July is the parent company, the allocation team gathered all of their work and organized it into distinct files to provide critical information to other departments.

Department of Distribution

The distribution branch is responsible for disbursing cash to each participant while he or she is in the process of retiring, terminating employment, or transferring funds from one company to another. They required a piece of software called RELIEUS to perform this type of work. This department is responsible for ensuring that cash is circulated to their clients.

Department of ERISA Consulting/Plan Documentation

The ERISA department compiled a plan file using archive records provided by the setup and revenue departments. Plan archives are not uncommon with profit sharing plans, 401 (k) plans, Safe Harbor plans, and Safe Harbor 401 (k) plans, all of which typically contain at least 40 pages of information about applicable laws, regulations, and tenets and how they affect the arrangement. They ensure that the correct data is on its way to other departments for observation.

Workflow 5500 Department

In Data Path, the work system 5500 receives pre-populated "Form 5500" for each July plan. The Annual Return/Report of Employee Benefit Plan is a form that must be filed with the Department of Labor. As indicated by the Department of Labor, sponsors or

administrators of employee benefit plans subject to ERISA are required to maintain annual records for each benefit plan.

Department of Human Resources

In Data Path, the human resources department is the foundation of the affiliation. Human resources departments are constantly tasked with ensuring the association's or employees' safety. Apart from that, all recruitment strategy, communication with each branch, and preparing personnel for deployment through the use of human resources. Additionally, the Human Resources Department will be held accountable for anything that occurs along the data path.

IT Department

The information technology department is responsible for maintaining the corporation's computer system and safeguarding its digital devices.

Department of New Business/Installation

The New Business department maintains the database by updating all facts and ensuring their accuracy. All records are provided by Data Path's revenue department.

Recordkeeping Department

This department's responsibility is to keep track of who is in the plan, what investments they own, and how much money is coming in and going out. For July, the trading house is using Data Path for record keeping.

Sales Department

In July, the sales group meets with a variety of clients to discuss enrolling in the retirement plan. Typically, each plan requires the collaboration of two types of individuals (Financial Advisor and Employer/Sponsor/Plan Sponsor) to create. The sales department at Data Path has scheduled desk work for July.

Software Development Department

The software development department works with their own product and interior database. This division tackles a variety of tasks and enhances the Data Path product framework through structure, establishment, and testing.

Actuarial Department:

Actuarial department is a newly formed department in Data Path consisted with 6-8 members. Data path used to work on only defined contribution plan for July business service. But this newly formed department now works with clients who has 401(k) defined contribution, defined benefit and cash balance plan as whole it calls combo plans.

BPO Department

BPO is Data Path and July's largest in-house department. It currently employs over 50 people and is constantly expanding. BPO considered to be the highest profit generating department of Data Path right now. This department has many teams under one department. The division is accountable for all administrative functions required of a plan administrator. In comparison, Data Path's departments are responsible for the mother company's clients. To process a 401(k) plan, an administrator must consult with and audit various components of the plan (k). To accomplish this, Data path has established distinct divisions and departments, with the exception of the software and information technology departments. Clients in BPO are other plan administrators who outsource one or more of their own client's tasks.

For instance, ADP and American Funds are two plan administrator names that are similar to July Services. Both ADP and American Funds have their own customers. These clients are independent businesses registered in the United States of America that are legally required to hire a plan administrator to manage their 401(k) plan. ADP and American Fund outsource their own tasks to July Services, which is in turn outsourced to Data path. As a result, the BPO department is always prepared to take on any 401(k) planning task. This division operates independently.

2.1.6 SWOT analysis

SOWT analysis on implementation of MIS in Data path

Strengths

- MIS's strengths include rapid data provision and availability.
- This, however, requires a faultless operation of the system and error-free data loading.
- Appropriately skilled individuals who are fluent in MIS and source systems and who are capable of spotting connections in huge amounts of data sets and performing data warehouse report preparation is necessary to enable MIS to service specific commercial requests.
- Presenting statements is also a strength, but it requires that employees have the knowledge necessary to show reports and relevant summaries in an expected manner; additionally, leader's needs to have a convincing expertise in web reporting.

Weaknesses

- One of the MIS system's major faults is data purity, as data in the data warehouse and reports created from it are just as trustworthy as data from source systems.
- Numerous users access source systems and record data in accordance with disparate principles and regulations, placing a burden on the MIS Centre to spot and systemize them. Another issue is the system's complexity.
- To enable workers to use it, high-level BW skills are required, but data modeling and other operational procedures can also be acquired by professionals through a

lengthy training process. SAP usually provides such solutions through its own professionals at an exorbitantly high price point, resulting in a heavy reliance on IT service providers. Inflexibility in reports is typically caused by their complicity, as the more complicated the subject, the more difficult it is to adapt to changes.

- Another reason for this is the speed of information flow, as data warehouse operators must be aware of changes made to source systems in order for MIS configurations to be modified to the source system.

Opportunities

- Management information systems can be used in creative ways to solve numerous amount of problems.
- It can be used as a tool attain strategic advantages. Moreover, it allows the option to make a projection and make comparison later on. However, the key points need to be identified and people must have a clear understanding, so the milestones needs to be clearly defined. Furthermore, all the data must be checked for data purity verification. It may detect the source of the data so it will be able to know all the potential source point. Therefore, an efficient data management system can be formulated that takes less time and which is cost efficient.
- If a report can generated that can include data from several difference sources, it will save time and a single report can illustrate all the essential relevant information to the users so that they can make an appropriate decision. For instance, a report is produced that displays the ratio of number of patient of a certain disease and the number of doctors working in that field. It will require both patient and doctors database.

Threats

- High cost is one of the greatest threats to the operation and improvement of MIS, and this is closely related to the weakness that training an in-house employee for this task is extremely costly and time consuming.

- If leaders are unable to motivate MIS, as a lack of support may cast doubt on its existence. Indeed, MIS was implemented primarily to assist management in making decisions, and this system accomplishes that goal.

2.2 Industry analysis

2.2.1 Specification of the industry

In the United States of America, a 401(k) plan is a retirement savings vehicle offered by an employer to an employee. It began in 1978, when the 95th US Congress approved the Revenue Act of 1978, which was signed into law on November 6th, 1978 by US President Jimmy Carter. Section 401(k) of the legislation provided employees with a tax-deferred avenue to earn remuneration through bonuses or stock options. On January 1, 1980, this law entered into effect. The Internal Revenue Service (IRS) of the United States began permitting salary deductions as contributions to 401(k) plans in 1981. (k). According to Kathleen Elkins, writing for CNBC in an article titled "A brief history of the 401(k), which changed how Americans retire," this would eventually usher in a revolution in the American retirement savings landscape, with the 401(k) eventually replacing benefit pension plans as the primary retirement savings vehicle for most American workers. According to author Timothy W Martin's 2017 Wall Street Journal article "The Champions of the 401(k) Lament the Revolution They Started," "13 percent of all private-sector workers have a traditional pension, compared to 38 percent in 1979," and "65 percent of eligible workers participate in 401(k) plans," according to Dr. William F Basset's article "How Workers Use 401(k) Plans: The Participation, Contribution, and Withdrawal Decisions." According to documents published by the Bureau of Labor Statistics (BLS), only 18 percent of private-sector workers, down from 35 percent in the early 1990s, were covered by defined benefit pensions, according to a 2013 article by author Monique Morrissey in the Economic Policy Institute Working Economics Blog titled "Private-sector

pension coverage fell by half over two decades," while another survey by the Federal Reserve showed that 31% of households were covered by a deferred compensation plan. A Third-Party Administrator (TPA) is a company that oversees the many parts of employee retirement plans on a day-to-day basis. According to The Retirement Advantage, their responsibilities include, but are not limited to, designing retirement plan documents, preparing employer and employee benefit statements, ensuring the plan is in compliance with IRS non-discrimination requirements and preparing annual returns and reports required by the IRS, DOL, or other government agencies, among others. Investment Managers, who invest funds on behalf of the Plan Sponsor, Record Keepers, who keep track of the assets and accounts handled within the retirement plans, and Plan Administrators, who audit and administer the money and plan participants, are all TPAs.

2.2.2 Size, trend, and maturity of the industry

According to the Investment Company Institute, 401(k) plans held an estimated \$6.9 trillion in assets as of March 31, 2021, accounting for nearly one-fifth of the \$35.4 trillion US retirement market. In 2011, 401(k) assets totaled \$3.1 trillion, accounting for 17% of the retirement market in the United States. There will be 600,000 401(k) plans in 2020, serving about 60 million current members as well as millions of retirees and former employees. According to Investment News author Fred Barstein, industry leaders expect the industry to consolidate, and as a result of the pandemic, the industry is moving more toward remote services, which benefits larger, more established firms with more capital and relationships with participants and within the industry.

In the 401(k) market, July Services serves as a Third Party Administrator. In Dhaka, Bangladesh, Data path, a wholly owned subsidiary of July Services, was founded in 2008. Data path began delivering its services to TPAs through its Business Process Outsourcing (BPO) segment. As a result, it began collaborating closely with industry partners and competitors by providing BPO services, eventually becoming the only 401(k)

TPA to do so, giving its services through Data path to firms including APCI, American Fund, ADP, and Ascensus. According to zoominfo, the company was founded in 1990 and is located in Texas, USA. It has an annual revenue of \$25 million and employs 101 people.

ABG National also serves as a TPA in the 401(k) industry. According to zoominfo, they employed 186 people and had revenues of \$39 million after being founded in 1991 and based in Illinois, USA.

In the 401(k) market, Blue Ridge ESOP also acts as a TPA. They have \$56 million in revenue and provide technologically advanced solutions and administration for its 401(k) plans. According to zoominfo, they employ 60 employees and are headquartered in Virginia, United States.

According to zoominfo, The Retirement Plan employs 124 people and generates \$26 million in revenue. According to zoominfo, they were created in 1992 and operate in the retirement savings business from its headquarters in Tennessee, USA.

Based on revenue, the competition leader is Blue Ridge ESOP, while the competition challengers are all of the other TPAs listed above, each with a sizable annual revenue.

2.2.3 External economic factors

Establishing TPA service in Bangladesh was a challenge for July services because no company was doing such business in Bangladesh, at a result finding suitable employee who can do the work was impossible to find. Bank job have always been the golden opportunity for Bangladeshi people to have in this industry will they survive establishing a third party business that was the main question. And that was the biggest opportunity for them actually. They could offer employment to educated smart people who thrives to have a bank job and interested in mathematical terms but bank jobs were limited. The economical graph of Bangladesh helped them achieving more employee.

2.2.4 Technological factors

The whole industry is based on technology; without technological revolution we cannot think of outsourcing from USA to Bangladesh. To establish such business by allocating clients from all over the world, July services had to invest a huge portion of money behind technological setup at beginning. On the other hand, technology work in a way of course as it is easier to do unethical manipulation or hacking through data. For that they had to establish strong security system for their data management. Starting from building strong server system directly associated with July service USA and Datapath Bangladesh. July services successfully maintained and established them overcoming all the treats and barrier.

2.2.5 Barriers to entry

As a result of July Services' BPO services being made available to other TPAs, Bangladesh's potential as a destination for outsourcing in this industry is becoming more widely recognized. This means that new entrants are a real possibility, as other TPAs may look to Bangladesh to set up their own BPO departments and services. In fact, former Data path employees formed Fin source, a local firm that competes in the same market and offers its experience and services to other TPAs handling 401(k) plans (k). Other businesses may seek to avoid paying fees to the middleman, in this case July Services, and instead seek out or create local alternatives where they can obtain the services at a lower cost. July Services, as a first mover, laid the groundwork and thus enjoys many of the benefits that come with being the first to market. However, being the first to market also means that the market is largely untapped, allowing other companies to build on those foundations and seek to enter the market. July Services' numerous first-mover disadvantages are also worth mentioning. When July Services launched Data path, there

were infrastructural issues such as slow and poor internet connectivity, which hampered work productivity and coordination, and a largely unskilled and inexperienced workforce, as there was no knowledge of this niche market in Bangladesh, in addition to the fact that it was harder to get the knowledge and know-how to operate in this obscure market, especially given the fact that internet infrastructure was poor, and there was no knowledge and know-how to operate in this obscure market, especially given A competing firm today would not be hampered by such barriers; rather, with the advancements in Bangladesh's internet infrastructure, the presence of an existing experienced and skilled workforce in this space, largely thanks to Data path's trained current and former employees, and increased access to the industry and information, the threat of potential local competition would be significant.

One way to counter this significant threat is to ensure that Data path retains and keeps its employees happy and satisfied. Because the market in Bangladesh is so niche, long-term employees who have been with the company for more than three years have no viable job options other than to join or start a competing company in the same industry, as their skills and experience do not necessarily transfer well to other fields. This means that Data path's main focus should be on retaining current employees and keeping them happy in order to reduce the risk of new local entrants in Bangladesh. Employees at Data path are compensated at market rates, which aids in employee retention. Workplace culture is important for increasing employee satisfaction, and Data path is currently taking steps to foster it, including a yearly office-sponsored trip to Cox's Bazar in the winter. Furthermore, the work environment is pleasant; however, because Data path is a rapidly growing company, it will be difficult to maintain this. Employees are also friendly and generally helpful to one another, implying that there is less room for workplace dissatisfaction.

The availability of labor in other countries is another issue related to the threat of new entrants. While Bangladesh has experienced 20 percent year-on-year growth in BPO since 2009, with a market size of \$300 million in 2017 and forecasted to grow to \$622 million if current trends continue, BPO accounts for 11 percent of the Philippines' GDP. The industry employs 1.2 million people and has 700 companies operating in the country.

These US TPAs may benefit from a number of structural advantages when outsourcing 401(k) business processes to the Philippines, including the availability of cheap labor and a more well-structured hiring system. There are already resources available to help foreign companies looking to outsource to the Philippines understand the labor market they want to enter, such as a website that explains the culture and labor market practices in the Philippines to help the foreign company transition more smoothly. Bangladesh lacks such infrastructure and strategic advantages, making it more difficult for foreign companies to outsource here than in the Philippines. While this means that local competitors would not benefit from these advantages, the fact that they exist in the Philippines remains a threat to US companies looking to outsource.

2.2.6 Supplier Power

Supplier power could be an issue as well, because the company relies on software that it does not develop in-house to administer these 401(k) accounts. While Data path has a small development team, the company's investment is low, and the scope of operations it performs is so broad that it is beyond the capability and scope of such a small, low-budget team to develop comprehensive solutions. July Services would be at the mercy of the software companies that operate in that marketplace if such software was only available in limited quantities, or if licenses were restricted or revoked, or if prices were raised. If any of the companies that provide licenses for their software went out of business, or if software updates ceased for any reason, it would cause major disruptions in workflow, resulting in a significant loss of time and productivity, as well as money. Piracy is another issue. While software piracy is fairly common in Bangladesh, the vendors reserve the right to blacklist and terminate licenses if Data path is found to have pirated any of these important software, which would result in the same outcome as described above. As a result, supplier power has a significant influence over Data path's operations, and one way to counter it would be to significantly increase investments in its software development team in order to develop essential software in-house to help with day-to-day operations and management, as well as 401(k) administration, thus reducing the amount of influence supplier power has on Data path.

2.2.7 Buyer Power

Buyer power is also important in this market, as July Services offers its BPO services to other TPAs through Data path. In this case, if they cut back on their commitment to or investments in July Services' services, it will have an impact on the company's overall role in the industry. This could be as a result of future government action, such as taxes or tariffs, discouraging future Business Process Outsourcing in the context of 401(k) administration, or as a result of other TPAs switching to new competitors in Bangladesh or the Philippines (as discussed due to the threat of potential new entrants, both locally and globally).

July Services' position in the market, where they provide services to their competitors as clients while also competing as a TPA against them, puts them in a relatively unique position in terms of competitive rivalry. While they must maintain a competitive edge and compete against them for clients in the market, these other institutions frequently use July Services' services as well, implying the importance of maintaining good working relationships within the industry despite the competition.

2.2.8 Threat of Substitutes

There's also the possibility of substitution. If the US government, through legislation, disincentives 401(k) and makes other retirement plans, such as direct pension benefits, more appealing, or if more consumers shun 401(k) as a retirement savings option and instead invest in other retirement funds or options, such as direct benefit pension plans, real estate, or real estate funds, there is a chance that more money will flow away from 401(k) and into other retirement funds or options. Since the entire 401(k) market was created as a result of government legislation, it stands to reason that future legislative action has a chance to tip the scales in a different direction at some point in the future, however unlikely it may appear now. As a result, TPAs like July Services must contend with this as a force in their dynamics in relation to this business sphere because there are

already such substitutes for the 401(k) in the retirement savings marketplace. According to Hunter Kuffel, writing on smartasset.com, a financial advisory website, the 401(k) investment options are somewhat limited, which means that they are usually chosen from a list of Exchange Traded Funds (ETFs) or mutual funds.

2.2.9 Industry rivalry

July Services' position in the market, where they provide services to their competitors as clients while also competing as a TPA against them, puts them in a relatively unique position in terms of competitive rivalry. While they must maintain a competitive edge and compete against them for clients in the market, these other institutions frequently use July Services' services as well, implying the importance of maintaining good working relationships within the industry despite the competition.

CHAPTER IV: INTERNSHIP EXPERIENCE

4.1 Position, duties, and responsibilities

Hierarchy:

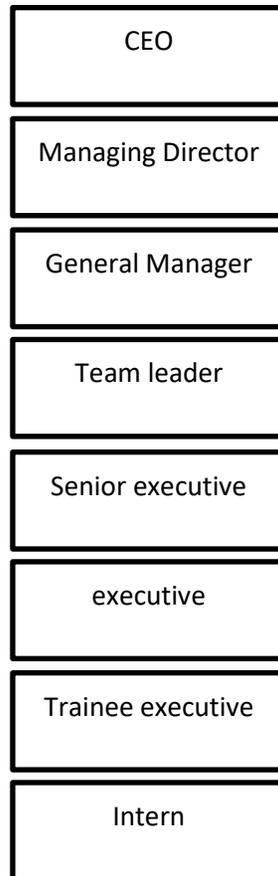


Figure: Data Path Limited's organizational hierarchy

My position was an intern for Data Path's Actuarial and BPO department.

4.2 Training

My initial training starts from Actuarial department. In training phase, I have learnt about,

- RPF standards for retirement planning
- Plan restatement
- Client census checking
- 401(k) defined contribution plan
- Cash balance plan
- Combo plan (401k, CB, DB)
- Contribution calculation
- Trust accounting
- ADP/ACP test
- NDT test
- Letter

In details learning from RPF 1 & 2:

In the United States, there are only two types of retirement plans on a large scale:

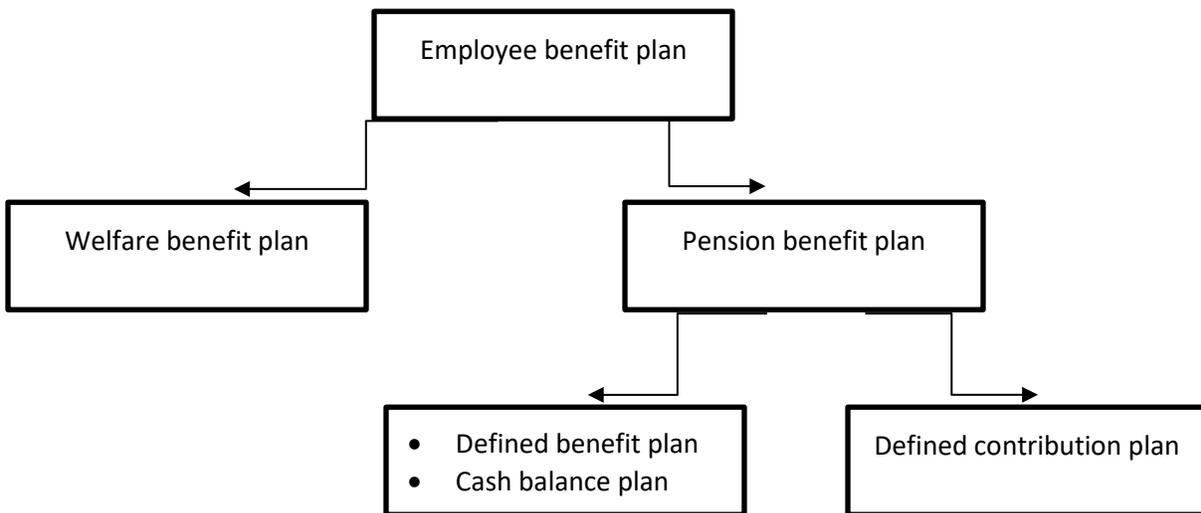


Figure: Types of Retirement plans

From RPF I got to learn about Defined contribution plan,

Defined contribution plan:

It refers to a plan is made for an individual. These plans specify the amount of money that will be deposited into the participant's account. For example, a plan sponsor may decide to allocated a 3% Safe Harbor Non-Elective contribution to all the eligible participants in the plan. Therefore, the 3% amount of the total plan's contribution will end up on every defined contribution participant's account. Alternatively, the plan may specify a fixed dollar amount for a participant's contribution, such as \$1,000.

Defined Contribution may have several sources that provides benefits, for example. John works for S Corporation as manager and makes around \$45,000 per year. John will receive a contribution allocation of \$2,250 ($\$45,000 \times 5\%$) for the year if the plan allows a contribution that is equivalent of 5% of compensation. This sum is then deposited into her personal account as part of the plan.

There is no contract or assurance that a certain amount of money will be distributed at the time of their retirement or termination. It is done due to the financial risks that is linked with investing the employee's money into the market. However, the investment decisions are taken after proper research because main goal is to maximize the return. Although the outcome in the long term provides decent return but it is entirely uncertain and may go the other way around. As it is financial matter, it requires a lot of constant dedication to get excellent result. Therefore, if the employer is shows strong involvement and invest their valuable time, it goes to show their attachment towards their employees. Because the participant will have to accept the outcome regardless it being positive or negative.

The defined contribution plan has lots of similarities to bank statement, so it is easy to comprehend. As a result, the participants can relate to it and follow the details of the transactions occurred during that period. Every participant receives their own statement describing the earnings and losses so that they can remain up to date.

Defined contribution plan types:

There are many variations of defined contribution plan. It also includes all the individual accounts for that plan. However, the plan will clearly mention the amount of money that

each account will receive in the plan. It is possible due to not having any financial risk associated with it. Therefore, a guaranteed return can be expected for these accounts.

- Profit Sharing and 401(k) Plans;
- Safe Harbor 401(k) Plan;
- Money Purchase;
- Stock Bonus and Employee Stock Ownership Plans;
- tax-advantaged arrangements

these are all examples of Defined Contribution Plans.

What is 401k plans?

Today, many employers sponsor the very popular salary deferral plan as described under Internal Revenue Code Section 401(a) so that the habit of saving can be encouraged among the employees. Moreover, it also helps the overall economy by utilizing the ideal money which were not used to its fullest potential. This type of profit sharing plan with a qualified cash or deferred salary arrangement (CODA) is referred to as a 401(k) plan by the public and practitioners alike. However, it acts as an uncomfortable idea in public eye because it is generally well-known as Internal Revenue Code Section number rather than just 401K plans.

Types of contributions that can be made to a 401(k) plan:

- **Elective Deferrals:**

A profit sharing plan's CODA or 401(k) feature allows employees to defer a portion of their pay into a 401(k) plan before it is taxed, rather than receiving the money as taxable income. Employee elective salary deferrals, elective contributions, employee salary deferrals, elective deferrals, or simply salary deferrals are all terms used to describe these contributions. Throughout this course, for the purpose of simplification, I would refer to it as elective deferrals.

Because they are made before taxes, it allows a person to decrease their taxable income. However, there are no additional benefits on their individual compensation in terms of Social Security Taxes (FICA) or Federal Unemployment Taxes (FUTA) based on their elective deferral contributions.

- **Catch-up contributions:**

Catch up acts as an option to contribute extra elective deferral. Although, it is available only to certain older plan members. A participant must be at least 50 years old by the last day of the calendar year in order to make a catch-up contribution. It helps to encourage more people towards employer-sponsored retirement plan. It can also be considered the third opportunity an employee can contribute after elective deferrals and Roth deferral.

The IRA sets a limit for both elective deferral and catch up each year. If any plan participant is eligible for catch up, they can contribute more after reaching the maximum limit for elective deferral and it will be automatically considered as catch up contribution.

- **Roth Contributions:**

Roth contributions can be made to a 401(k) plan. Another way for employees to save for retirement is through this method. Although it works similarly as an elective deferral but the contributions are made after taxes.

- **Matching Contributions:**

It entirely relies on the sponsor of the plan. Therefore, one can either provide partial or full match against the elective deferrals and pre-tax deferral made by the participants. However, it is observed that often times the employer tires to raise the matching percentage to attract a higher contribution from the plan participants.

- **Non-elective Contributions:**

It refers to all the contributions made by the employer in a profit sharing plan. There are many alternative ways an employer may choose to provide non-elective contribution in a plan. As a result, one may prefer to select discretionary contribution which gives flexibility to employers.

Therefore, an ideal contribution percentage can be determined that helps to pass all the necessary discriminatory tests in order to follow the appropriate testing procedures of Internal Revenue Code. Furthermore, it also ensures that the contributions are allocated in fair proportions among all the participants. As a result, any unequal distributions can be prevented, which may favor the highly paid employees or the owners.

It is mandatory to run non-discriminatory tests for these following contributions:

- Elective Deferrals
- Designated Roth
- Employer Match
- After Tax employee contributions

- **SAFE HARBOR 401(K):**

It is an employer contribution. It is also quite similar to a conventional 401(K) plan. However, all the contributions made through safe harbor is fully vested, so all the participants in a plan gets to enjoy this contribution. Moreover, the employers also receive some perks. For instance, relief from complex tax regulations, ADP and ACP discriminatory tests are deemed to pass, decrease in administrative expense of the business. The following ways are used to allocate safe harbor contribution within a plan:

1. SH 3%

3% upon the total compensation of the participant.

Example:

If participant X's compensation for the year for 2020 is 30,000 then he will get SH 3% which is = $30,000 \times 3\%$

$$= 900$$

2. Non-Elective Basic Match

Also known as basic match, basic match is calculated as, 100% up to 3% and 50% up to next 2% of compensation.

If participant X's salary for the year of 2020 is 30,000 and defer amount is 3,000 His non elective SH match will be calculated this way,

$$(30,000/1000) = 10\%$$

$$(30,000 \times 3\%) + ((30,000 \times 50\%) \times 2\%) = 900 + 300$$

$$= 1200$$

3. Enhanced Match

Enhanced match is 4% of compensation, it is calculated this way,

If participant X's compensation is 30,000 his enhanced match will be,

$$(30,000 \times 4\%) = 1200$$

- **SIMPLE PLANS:**

It refers to plans that are designed to serve small business which includes less than 100 employees. It also allows numerous advantages to the employer such as receiving exemptions from the non-discriminatory tests. Moreover, these plans are usually easy to process due to their small size and less complications. However, the employer are required to elect simple plan as their only plan. The full form of SIMPLEs plan is called as Savings Incentive Match Plans for Employees and not to be confused with Simplified Employee Pensions.

The plan designing process:

Given the legal, financial, accounting, internal resource management, and tax implications of establishing a qualified retirement program, an employer would be wise to seek the advice of its accountant, attorney, and retirement plan professional in determining the type of qualified plan that would best serve the company's and its employees' interests. In addition, any human resource personnel's input should be taken into account.

With the value of accountants and attorneys readily apparent, the employer will gain retirement plan expertise by hiring a retirement plan professional, whose initial role will be to assist the employer in focusing on the most advantageous plan design for its specific situation. A retirement plans professional guides a plan sponsor through the myriad factors influencing the selection of a qualified plan by explaining the various types of plans and gathering extensive data about the employer. The following are a few of the most important:

- Age,
- Years of service,
- Salary levels, and
- The size of the employee population are all factors to consider.

Plan features designed to benefit specific employees as retention incentives; Plan features available to encourage participation under the plan, such as the ability to borrow from an individual account; and Plan features available to encourage participation under the plan, such as the ability to borrow from an individual account.

The ease of administration and the impact on the human resources and payroll departments of an employer.

By balancing these and other employee and employer-related considerations, an efficient and successful plan design can be achieved. The following section discusses the various types of plan's tax deduction limits, which can help the employer choose the right retirement plan.

Contributions:

A defined contribution plan's contributions and allocations section explains how the amount of a required or discretionary contribution is calculated. While money purchase plans have a mandatory contribution formula, profit sharing plan sponsors have complete discretion over the amount of profit sharing contributions made each year, if any. Because profit sharing plan sponsors may contribute amounts that exceed current or accumulated profits, the plan document should be carefully reviewed to understand how a sponsor will calculate its profit sharing contribution. The plan document will also specify any employer matching contribution formula for 401(k) plans.

Employer Contributions Are Tax Deductible

Employers typically expect and desire that their retirement plan contributions be tax deductible under the Internal Revenue Code, but there are a number of rules that affect the deductibility of employer contributions to a retirement plan. As a result, it's common for a retirement plan administration firm to provide contribution information to a plan sponsor so that the sponsor's tax advisors can confirm deductible amounts and deadlines.

The minimum required contribution amount, the recommended contribution amount, the maximum contribution amount, and other information about contributions may be included.

Any deposit deadlines for plan contributions?

The maximum tax-deductible contribution for an employer who sponsors a profit sharing plan, money purchase plan, or both profit sharing and money purchase plans is 25% of eligible participants' total compensation.

A basic plan document:

Compensation: A plan document's definition of compensation is usually found in the benefit and contribution or allocation sections. The total compensation of a participant is frequently included in compensation for benefit and contribution purposes. Plan sponsors, on the other hand, are free to include or exclude certain components of compensation,

such as elective deferrals and moving expenses, as long as the result is a compensation definition that does not disproportionately favor higher-paid employees. Sponsors have more flexibility in limiting the eligible compensation that will be used by the plan to calculate benefits in this way.

Employees and Eligible Employees: The definition of employees and eligible employees is the first step in determining who is allowed to participate or is covered under the plan, as well as who is not. For example, most employee definitions state that all employees are eligible to participate in the plan, with the exception of non-resident aliens with no U.S. source income and employees covered by a collective bargaining agreement, such as union employees. In most cases, the term "eligible employee" refers to an employee who meets the definition of employee and meets the eligibility requirements. Because of the cross-references to eligibility determination, these definitions are sometimes found in the plan document's eligibility and participation sections rather than the definitions section.

The plan sponsor's fiscal year, as well as the plan year, will be referenced in the definitions section of the plan document. These times may not always fall on the same day. Employers, for example, may choose to use the calendar year as their fiscal year because they must issue W-2s and other tax and accounting forms to employees on a calendar year basis. They might use the calendar year as the plan year for ease of administration, allowing them to provide data to the plan for the same time period as the corporate filings.

Date and age of normal retirement:

Some plan document drafters distinguish between the definitions of normal retirement date and normal retirement age, while others combine the two. Normal retirement age is usually defined as a specific age, such as 65, or a specific age and period of service, such as 65 and the 5th anniversary of the participant's first enrollment in the plan.

Hours of Service: Because all qualified plans must comply with the Internal Revenue Code and the Department of Labor, the hours of service definition is fairly standard. Employees typically earn or accrue hours of service for every hour they are paid, which

may include time off for vacation, holidays, jury duty, illness, or military leave. In addition, the application of the provision indicates the number of hours required to satisfy eligibility, vesting, and contribution allocation requirements during the plan year, if any.

Year of Service: The term "year of service" is defined in a variety of ways. The most common is a 12-month period during which the employee worked or was entitled to payment for at least 1,000 hours of service. The 12-month period will generally be the same as the plan year to simplify vesting calculations and contribution allocation, as this ensures that all participants' service will be measured over the same twelve months.

Leave of Absence: Definitions for a break in service should be reviewed in the plan document because they affect eligibility and vesting year calculations. A one-year break in service is defined as a 12-month period corresponding to the plan year during which a participant does not complete more than 500 hours of service, as defined by the Internal Revenue Code. A one-year period of severance is a 12-month period during which an employee does not work if the plan measures service using elapsed time.

Ownership Test:

If an employee owns 5% of the company, he or she passes the ownership test. Any employee who owns more than 5% of the company, directly or indirectly, regardless of compensation, is considered a 5% owner. The current plan year's ownership status, as well as the 12-month period immediately preceding the current plan year (the look back year), are taken into account.

Compensation Test:

If an employee earns more than \$100,000 (as indexed for 2007) in the look-back year, they pass the compensation test. The total compensation used includes any elective deferrals, such as those to 401(k) and cafeteria plans, as well as qualified transportation fringe benefits. A summary of the various plan limits, including limits applicable to the compensation test, can be found in Appendix A.

To be considered an HCE, the employer may choose to add a requirement that the employee be in the top 20% of employees when ranked by compensation, in addition to passing the compensation test. The top-paid group election must be included in the plan document, or the plan document must be amended to include it if the employer wishes to use it. The 5 percent owner test is unaffected by the use of the top-paid group election. Employees who have not completed six months of service by the end of the year, those who normally work less than six months per year, those who normally work less than 17 percent hours per week, and those younger than 21 may be excluded from the calculation when determining the number of employees to include in the top 20%.

Non-Highly Compensated Employee: A non-highly compensated employee is one who is not an HCE (NHCE).

Key Employee: The plan document must also include sections that explain the qualified plan's top-heavy requirements. Top-heavy plans are those that are deemed to benefit primarily a small group of participants known as key employees, and as a result, they must adhere to special vesting and minimum contribution or benefit accrual requirements.

A key employee for the purposes of top-heavy testing is any current or former employee who is,

- a) **5% Owner:**
- b) A 5% owner is defined as any employee who owns more than 5% of the company, directly or indirectly, regardless of compensation.
- c) **1 percent owner:** A 1 percent owner is any employee who owns more than 1% of the company, directly or indirectly, and receives a yearly salary of more than \$150,000. It's worth noting that this compensation cap isn't indexed.
- d) **Includible Officer:** An officer who earns \$145,000 or more in annual compensation in 2007 (as indexed) is considered a key employee. However, the maximum

number of officers to designate as key employees under this classification is 50, or, if less, the greater of 10% of the employees or three. As a result, not all officers are considered when determining key employee status.

Compensation: The employee's total compensation, including any elective deferrals, such as those to 401(k) plans and cafeteria plans, as well as qualified transportation fringe benefits, is used for the key employee determination, just as it is for the HCE determination. Also keep in mind that a 5% owner is both an HCE and a key employee. The differences in compensation limits for including 1% ownership and officer status in the definition of key employees, on the other hand, will almost always result in more HCEs than key employees.

Eligibility and Participation: A reference to how a participant meets the plan's eligibility requirements is usually included in the definitions section of the plan document. Employees who have not worked a certain minimum number of hours or months, or who have not reached a certain age, or who are members of a specific group, such as union employees, will be excluded from plan coverage, according to the eligibility and participation section.

Because each plan sponsor will choose permissible eligibility and participation requirements that best suit its goals and reflect the makeup of its workforce, this section varies significantly from plan to plan.

Eligibility Date:

Under the Internal Revenue Code, an employer can require an employee to be 21 years old and have worked for a year before they are eligible to participate in a plan. An employer may condition participation in a plan that provides full and immediate vesting (immediate 100 percent ownership of benefits upon entry into the plan) on the completion of more than one year of service. The maximum service period that can be required in

such cases is two years. The 401(k) features of profit sharing plans are an important exception to this rule, as the maximum eligibility period for elective deferrals may never exceed one year, regardless of vesting provisions.

The plan entry date, or simply the entry date, is the date on which an employee's participation becomes effective. There is a difference between the dates on which an employee becomes eligible to participate in the plan by meeting all eligibility requirements and the date on which the employee actually becomes a plan participant. Eligibility and participation are two distinct concepts, and the distinction is critical. Contribution deductibility, required contributions, minimum benefits or contributions, coverage, and nondiscrimination requirements are all defined in these terms. When an employee becomes eligible to participate in the plan and when that employee actually begins to participate or enters the plan, it is stated in the plan document.

Example:

If entry requirement is standard: 21 years, 1000 hours and dual entry

If participant X's date of hire is 5/21/2018 then after completing 1000 hours of service within one year, that participant gets entry on,

1 year from 5/21/2018= 5/21/2019.

Dual entry dates are 1/1/2019 & 7/1/2019

So 'X' will get entry on following entry date which is 7/1/2019.

X's hours of service need to be calculated this way,

If X completes 500 hours at the end of 2018

And he completes 1200 hours at the end of 2019

Then his hours will be calculated as,

$500 + ((1200/12) * 5) = 1000$ hours

Vesting:

Vesting Rules: The vested portion of a participant's account is the portion of the account that the participant owns and is the amount that will be paid to him or her upon a distributable event, such as retirement or another event that allows the plan to distribute benefits under the Internal Revenue Code or ERISA. Employees typically receive full ownership of their accounts in increments based on the number of years they have worked for the company. Continued service with the plan sponsor is rewarded in this way by gradually increasing ownership of the plan sponsor's retirement benefits.

How to Put a Vesting Schedule in Place?

The vested portion of a participant's account balance in defined contribution plans, or the benefit amount (accrued benefit) in defined benefit plans, is calculated by multiplying the account balance by the vesting percentage that corresponds to the participant's credited years of service.

Full and immediate Vesting:

The Internal Revenue Code and the Employee Retirement Income Security Act of 1974 (ERISA) both require that full vesting, or 100 percent vesting, be granted at the plan's normal retirement age. Participants who do not have the required number of years of service under the plan's vesting schedule will become fully vested at retirement. In addition, qualified plans frequently, but not always, provide full vesting in the event of a participant's death or disability, a provision that will be spelled out in the plan document.

Testing:

In order to qualify for the tax benefit, the plan must pass certain tests. The Top-Heavy Test is one of the most important tests. Minimum coverage testing is also required. The minimum coverage requirements of qualified plans are governed by IRC 410(b). Plans must set their eligibility and participation criteria in such a way that they benefit a nondiscriminatory cross-section of HCEs and NHCEs. Qualified plans cannot skew the method by which they determine eligibility for benefits so that the number of HCEs who receive benefits is disproportionately higher than the number of NHCEs who receive benefits. Any such outcome would jeopardize the qualified status of the plan. In fact,

regardless of how large a benefit is provided to those covered, if minimum coverage is not met, the plan will be disqualified under the Internal Revenue Code. Qualified plans may not discriminate in the level or amount of benefits provided to plan participants in accordance with the Internal Revenue Code. A qualified 401(k) plan must demonstrate compliance with these statutes each year by demonstrating that HCEs are not contributing more than an allowable percentage of their compensation to the plan, either pre-tax or after-tax, and similarly are not receiving more than an allowable percentage as a matching contribution. The requirements of the Internal Revenue Code can be met by performing the special tests for 401(k) plans on a yearly basis or by designing the plan to comply with the rules automatically, as in a safe harbor 401(k) plan.

- Top-Heavy Test
- Minimum coverage testing
- Ratio Percentage Test
- Test of Average Benefits
- Nondiscriminatory test
- Actual deferral percentage (ADP) Test
- Actual Contribution Percentage (ACP) Test

If ADP/ACP test does not work?

If the plan is to remain qualified and eligible for favorable tax treatment, the ADP and ACP tests must be met. Corrective action must be taken if either of the tests fails. There are several advanced testing options that can help to reduce or eliminate failing margins; these are covered in depth in advanced ASPPA Courses. Two of these correction options are discussed in this course: raising the NHCE averages to achieve passing results or distributing sufficient excess contributions and excess aggregate contributions to affected HCEs to lower the HCE averages to acceptable levels.

Allocation:

For a retirement plan client, allocation is an annual project completed by a third-party administrator. Data Path and July Services allocate using the rules outlined above. This project consists of a collection of reports that include the following information:

Census Reports:

The census reports detail each employee's eligibility for the plan, including plan entry dates, years of service for vesting, salary, and other pertinent information.

Contribution Report:

The contribution report shows how much each eligible plan participant has contributed and how much has been allocated to them.

Summary of Accounts:

This report summarizes the transactions for the year in each of the participants' retirement accounts. Contributions, distributions, transfers among investments, and investment gains and losses are all included in this summary.

Trust Accounting:

This report summarizes the transactions for the entire plan at the plan level.

Compliance Tests:

The report also includes a number of important tests that demonstrate the plan's adherence to IRS regulations. To keep their tax-favored status, plans must pass these tests.

The results of all the reports are included in the Allocation Letter, which is sent to the client. The contribution instructions are written to inform the client of the actual amount that the participant will receive.

Daily Recordkeeping Memo:

In this memo, the record keeper is instructed to transfer account balances from which participant's account to whom, and to forfeit any overfunded balances.

Because all financial transactions in the plan, such as contributions, investment earnings, distributions, and so on, are "allocated" to individual participant accounts, these reports are referred to as "Allocation Reports." To complete this assignment, every Datapath and July Services employee must be familiar with the RPF1 and RPF2 as well as other coursework.

4.3 Contribution to departmental functions

In BPO department there are many teams depending on different types of plan and clients, I used to work under a team and I had to collaborate with two clients. The regular activity I had to do is processing a complete plan and that contains,

- Plan restatements
- Plan setup
- Census checking
- Reporting issues
- Preparing statements
- Contribution calculation
- Financial import
- Asset reconciliation
- Trust accounting
- Plan valuation
- Form 5500

4.4 Evaluation

Evaluation is based on task, if an intern completes the given task they will offer them more different tasks to evaluate his/her efficiency or ability. at the same time they will offer full support as well as it is the learning phase for them.

The more task one can complete the more upper level task will be given and at a result an intern gets to learn how to process a complete plan through practicing everyday task. After a certain point when I got to learn plan processing by practicing everyday task I got to work on live plans with my supervisor.

4.5 Skills applied

My personal practice and skill that I applied in this company was,

- Time management
- Asking the clear question for help
- Fast learning skills
- Communication skills
- Being humble to co workers
- Focusing on basics
- Technological skills
- Deep learning

4.6 New skills developed

- **Excel:**
excel is the backbone of this business, for that the company gave us an initial excel training. I have developed great skill from excel from this internship.
- **Corporate etiquettes:**

Since this is my first corporate job experience, I got to learn a great deal about corporate culture, organizational behavior.

- **Team work:**

Data path is all about team work, I have learnt from my team then I worked with the team and finally I helped other team members to learn. Working on team to meet a client's demand within deadline was our goal. What I got to learn from my team supervisor are,

1. Patience
2. Dedication
3. Honesty for work
4. Time management
5. Punctuality
6. Humility

4.7 Application of academic knowledge

I got chance to use my academic knowledge in Data path,

- MIS: being a MIS major student it was an advantage for me work in Data path as the work was entirely on computer, using software and applications were easy tasks for me.

From BPO I have started working on live plans and got to learn about my clients work demand, work structures, the software's they prefer. I had to work for client on remote computer on client server. The whole workflow was dependent on various useful software for the plan processing and for work management they use many MIS tools mostly based on Microsoft for example,

- Microsoft team for Plan allocation
- Every day outlook mail check for work update
- For internal communication the whole organization uses skype

- The whole plan processing on office 365 specially Microsoft excel
 - Client server OneDrive
 - Pension pro for client census information storing
-
- Accounting: Accounting terms were already relevant to me as I have done 3 accounting course.
 - Management: Management helped me to understand organizations culture as well as task and time management.
 - Business communication: Communication played a great roll on my learning process and it helped me to be a team player.
 - Business law: I got to understand my agreement with the company for the internship.

CHAPTER V: CONCLUSIONS AND KEY FACTS

5.1 Recommendations for improving departmental operations

From my experience, I want to share some recommendation for improving my department both actuarial and BOP's operations.

Competent employees for the task

The policy of recruitment should be to put the right person in the right place at the right time. Data path should hire the best and most deserving candidates for the job. It must be maintained in order to maintain efficiency and quality.

- Employees should be literate in order to comprehend the United States' retirement pension benefit. As a result, that training should be completed flawlessly.
- Employees must be excellent communicators because they will be communicating with clients and US consultants. To make allocation reports, they must have a great deal of knowledge and intelligence. They should be able to handle extra work during the busy season, before the deadline for filing taxes.
- Employees must be sincere in order to deal with these situations. As a result, Data-path should hire someone who can adapt to a variety of situations. Understanding and analyzing things quickly is the first step toward becoming an expert in allocation.

Employers task

- Reputation:
As data path hire the finest interns from well reputed universities of Bangladesh, the responsibility of employer is also huge to keep this reputation of hiring smartest candidates.
- HR:
I recommend employer should give more focus on human resource management as the company is growing very fast and the number of employees are increasing

with its growth. A proper work force needed to manage the ever growing number of employees.

- **Humbleness:**

Data path trains their employees, a 4 month of period is considered as an initial training period, in this period being humble is the most important support one can give to their employees.

- **Diversity:**

Diversity brings the best work. I recommend data path to respect difference and celebrate diversity in organization more and more.

5.2 Key understanding

The amount should be sufficient for Bangladesh

The amount they are receiving should be sufficient. If there are many ways to contribute and the interest rate is high, the total amount contributed and the total amount repaid will be large. It will be beneficial to everyone. For example, the more money saved from contributions, the more money will be invested. It is yet another source of revenue for the government. And if the pension is sufficient, it will be useful in their later years and they will not have to rely on others.

It is necessary to have a responsible organization.

Bangladesh should have its own Policy

Every government organization has a pension policy in place. It would be preferable if Bangladesh had its own pension policy organization or a third-party organization. To keep the pension policy in place, Bangladesh should create a separate organization that is solely responsible for the 45 pension policies.

For example, the United States has a TPA for allocation, this type of organization should be established in Bangladesh as well. Contribution, deferral, and making a pragmatic

policy Bangladesh may be able to establish a very responsible and reliable organization. It will be necessary for the people and will not cause any inconvenience to others.

Should be implemented in the private sector

The private sector may have its own provident fund policy. However, it differs slightly from government regulations. If the government introduces a pension policy or makes it free for all Bangladeshi sectors. It will also benefit everyone. The government may impose additional rules for the retirement benefit plan in the private sector. As a Bangladeshi employee, they must be entitled to certain benefits from the government, such as contributions to this pension fund.

It is necessary to be well-informed about the contribution.

The employee should have a good understanding of their contribution amount and where it is invested or spent. It is possible to invest the contributed funds in some fixed sources if a responsible organization works for the pension fund. A stock market for participants may be maintained by such an organization. These participants are also eligible for interest and profit sharing. Everyone's earnings will rise.

Should promote self-sufficiency

In the elderly, children are the people's refuge. They are disabled as a result of this tendency. Self-reliance will increase in our country if they become more active in their work lives and properly manage their provident funds. It will increase self-dependency if policymakers improve their pension policy or follow some of the effective rules of US pension policy. So they don't have to rely on their child or live in the old house as they get older.

5.3 Conclusion

Implementing a MIS is a difficult task that entails both technical and managerial considerations. The goal of this study was to describe and present MIS implementation challenges, key success issues, and organizational impacts. In this chapter, a summary will provide the most interesting points from the analysis, rather than highlighting all aspects in the following.

The most problematic issues in the MIS implementation process, according to the analysis of "MIS implementation challenges," are related to personnel issues, as most of the findings were about people rather than other factors. The tiniest problems, on the other hand, are linked to technical systems. Because of the high standard and quality of vendors, these issues are largely unimportant. When considering the "MIS implementation success key issues," it becomes clear that the project team's teamwork and capabilities are of greater concern.

The effects and consequences of MIS implementation are most concerned about the business process effects and consequences, according to an analysis of "Organizational impacts."

Interestingly, the researcher discovered that when an organization begins to implement MIS, there are effects on the organization as a result of the analysis in this study regarding the research framework model. It's important to remember that the MIS implementation process is influenced by each of the five main issues (leadership, organizational environment, management process, personnel, and technical issues). Technical system issues, for example, can help with the MIS implementation process; however, according to the analysis, some of these issues have an impact on the process.

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Appendix-A:

1. Monthly progress report:

**INTERN MONTHLY PROGRESS REPORT
 INTERNSHIP PROGRAM
 Summer (2021)
 School of Business and Economics
 United international University**

Student Name: Tasnova Salmin		Institutional Supervisor: Shahadat Hossain Chowdhury	
Student ID #:	111 163 133	Institution Name	Data Path Limited
Major:	Management Information Systems	Academic Supervisor:	Ahmed Imran Kabir

Activities undertaken during the month

Date June 23 rd	Dept.: Actuarial	Activity: Introduction to Data Path and July Services Company, Training on Retirement Plan Fundamentals, about international pension plan Industry and 401(K), Excel Training, Client Census Check training.
Date July 23 rd	Dept.: Actuarial	Activity: Received training on both DC and CB plan, Cycle 3 plan restatements check, contribution calculations, Trust Accounting, Letter, Non-discrimination Test, Combo plan (401k, CB, DB), ADP/ACP test.
Date August 23 rd	Dept.: BPO	Activity: Training on client-based work, training on Pension Pro software, census checking, Plan set-up, Individual Brokerage Statement Conversions, Preparing Contribution Reconciliation, Trust Accounting, Form 5500, 8955 SSA, SAR
Date September 23 rd	Dept.: BPO	Activity: Checking client data, Working on live plan, Valuation.

Institutional Supervisor's
 Date: Shahadat Time: 22.10.2021

Additional Comments

She was punctual. She had a knack for thinking outside the box. Her creative skills were an asset to the team. Her communication skills are great and thus she always able to make others understand her point clearly. GREAT team player. Very good at time management. THANKS TASNVA FOR YOUR CONTRIBUTIONS. WAY TO GO.

Supervisor Signature: Date:

Student Signature..... Date: