

INTERNSHIP REPORT

On

Retirement Plan for USA Citizens: A Case Study on Data Path Ltd.

Submitted To

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Date of submission: 4th April, 2022

LETTER OF TRANSMITTAL

April 04, 2022

Mohammad Tariq Hasan, Ph.D.
Associate Professor
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Subject: An authorization letter for submission of internship report.

Dear Sir,

With utmost respect, I would like to take the pleasure to forward herewith my internship report titled “**Retirement Plan for USA Citizens: A Case Study on Data Path Ltd**”. where I have tried to prepare this report with all the available necessary information that I managed to gather on the basis of the guidelines which was instructed to follow. This report attempts to describe the procedure of the retirement plans for a USA citizen. I hope this report stands out in terms of your expectations and judgment.

Thank you very much for your kind supervision throughout my internship journey.

Sincerely,

Faria Rifat Rahman

ID: 114 171 029

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DECLARATION

I, Faria Rifat Rahman, the student of Bachelor of Business Administration in Accounting Information System, holding ID: 114 171 029, would like to declare that the internship report titled “**Retirement Plan for USA Citizens: A Case Study on Data Path Ltd**” which is prepared by me under the supervision of my supervisor, Dr. Mohammad Tariq Hasan (Associate Professor), School of Business and Economics, after the completion of the internship program at Data-Path Ltd.

To only comply with the academic instruction, this report was prepared and submitted as it is a requisite credit to complete the Bachelor of Business Administration Degree at United International University.

In the period of preparing this internship report, I have enriched my knowledge and got chance to relate the theoretical aspects to the practical ways of working in corporate environment. I express my sincerest gratitude for giving opportunity to prepare this report which was enjoyed by me as well.

Faria Rifat Rahman

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School of Business and Economics

ACKNOWLEDGEMENT

I would like to convey my heartfelt thanks to respective Dr. Mohammad Tariq Hasan, my internship supervisor, for his continuous support and direction to prepare this report. I would like to convey my sincere gratitude to UIU and all of my faculty members, who have contributed greatly to my wisdom and knowledge, which was displayed on in my report by me. I'd also want to thank Data-Path Ltd for providing their guidelines with such an amazing internship experience. I would like to express my gratefulness to Mr. Shahadat Chowdhury (AGM, Data Path Ltd.) and my team leader, Mr. Rashidul Islam, for their continuous support and supervision, which helped to gain essential invaluable professional experience and expertise. My utmost gratitude to all the classmates who have supported me during this period and tried to help me in every possible way from start to end. Finally, I would want to express my gratitude to **United International University** for providing opportunities for self-development through practical experience.

EXECUTIVE SUMMARY

This report explains different aspects of the Retirement plan process in the USA and Bangladesh. This report represents the process and procedures which are followed by Data-Path Ltd. This report has been organized into four different chapter with different topics. The retirement plan industry, often known as 401(K) which is one of the largest industries in the United States. The US government advises that this policy be implemented. Companies who follow this strategy are exempt from paying taxes to the government. Data-Path is the first Bangladeshi company which is specialized in outsourcing in this field. Data-Path was presented to the industry by July Business Services which is the mother firm. Because the average pay in the United States is so high, they prefer to have their business processes outsourced to other countries. At Data-Path, a fantastic internship opportunity arose, allowing me to obtain a wealth of knowledge about the 401(K) industry and its accounting methods. This industry's accounting methods are extremely different and more difficult than standard accounting in Bangladesh. For various cases, they employ various formulas and government-approved rules. All of their operations are subjected to rigorous testing in order to qualify for government tax breaks. As a result, all businesses must adhere to the rules to the letter. Most of their accounting procedures and database systems that include information about their clients were learned during the internship time. It was an honor to get this level of corporate knowledge and antiquities, which will be quite useful in the future.

Key Words: Business process outsourcing, July business services, Data-Path ltd., retirement plan, investment record keeping, tax benefit

ACRONYMS

JBS → July Business service

ACP → Average Contribution Percentage

ADP → Average Deferral Percentage

ASPPA → American Society of pension professionals and actuaries

DOL → Department of labor

DP → Data path

ERISA → Employee Retirement Income security act

IRS → Internal Revenue Service

IRC → Internal revenue code

RPF → Retirement Provident fund

SIMPLE → Saving incentives Match plans for employee

TPA → Third Party Administrator

LPR → Leave Preparatory to retirement

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Report

An internship is an opportunity for an intern to start his professional journey by developing practical skills workplace experience discipline, and superior knowledge regarding that particular industry. So, internship can be a golden chance for students to accumulate practical workplace knowledge during university time by overcoming numerous and different tasks. United International University Combined Internship program with academic credits for business students which is an opportunity to integrate their classroom knowledge and theory with practical application and skills developed in a professional environment. This internship opportunity has given the opportunity to grab knowledge from Retirement Plan industry. As report has been completed my internship from Data-Path Ltd which is one of the leading Outsourcing TPA Companies in Bangladesh. Business Process Outsourcing (BPO) is the department which works of preparing full retirement plan valuation with direct clients on which basis internship report is prepared. Business outsourcing process helped to gather knowledge about American retirement plans working process.

1.2 Objectives of the Report

School of Business and Economics of United International University (UIU) requires its business students to internship report with academic courses at the end of graduation. To accomplish a Bachelor's degree preparing final report is requirement is exclusive reason of this study.

Work experience during internship program is dynamic to bring knowledge to complete internship with pre-condition of our undergraduate program. The goal of placement is:

- To have a better understanding of how TPA firms function the business.
- Acquire extensive knowledge about retirement plan practices.
- Retirement plan valuation process to implement.
- Achieving versatility.
- Learn about the performance of live work

1.3 Rationale of the Report

I am conducting this internship for the submission of an internship report at the end of the trimester to my supervisor which is the last requirement to do perfectly to achieve an undergrad degree from United International University. Internship has been chosen willingly from Internship and Project which were given from university to obtain practical knowledge from workplace to start my professional journey. As an Accounting Information System student, my supervisor has instructed me to work on the Procedures and Process to Prepare Retirement Plan in USA on what knowledge has been gathered from Data-Path LTD. Information has been collected about outsourcing of retirement plan in USA which is completely new sector for student.

1.4 Scope of the Report

This internship report encouraged to learn new terms about how Retirement Plan Valuation is done in USA by third party administrator like Data-Path LTD. This report contains with huge knowledge and learn many things while working in the organization for the information to implement in this report considering this report as an individual work. With utmost trust that this internship report will be helpful to learn a great deal for those who need detailed information about procedures to record Retirement Plan of USA by third party administrator through outsourcing.

1.5 Limitations of the Report

Each and every task is challenging and preparing a report with work experience is also same.

Limitations came across while preparing this report is challenging which are given below:

- Confidential information wasn't disclosed
- Insufficient time to cover all topics.
- Lack of observation of laws and steps to prepare full plan valuation report.

CHAPTER TWO: COMPANY AND INDUSTRY PREVIEW

2.1 Industry analysis

Data-Path Ltd. is a corporation that specializes in outsourcing. Corporations who work outsources or works as third-party organization; Outsourcing is kind of blessing for them. Hiring third party administrator and complete work by them is beneficial as outsourcing helps to lower the cost. The TPA industry in the United States is quite complicated. Outsourcing companies keep hiring qualified staffs due to complete complex works within deadlines what costs on average \$10,000 per month which is massive amount. Many of American business companies do outsourcing to operate business activity through third parties to decrease cost to minimum. For example, company can do their tasks through TPA firms with minus 10x cost. Data-Path Ltd is an outsourcing based company. They are expert on doing outsourcing and Information Technology. In current situation more than 27 companies are outsourcing their works through Data-Path Ltd and more companies are coming soon.

2.1.1 Specification of the industry

Outsourcing refers to process by which company operates their operations outsources through hired third-party company. This lowers the cost of outsourcing a company's process while also increasing efficiency. Data-Path is a business that focuses on outsourcing. In the United States, TPA is a difficult business. Usually, companies hire highly qualified employees to complete their difficult tasks with minimum cost. They must pay them \$10,000 each month on average which is a huge sum. So, American companies started outsourcing their operations to operate their work through highly skilled employees within minimum fees. Data-Path Ltd specializes in outsourcing work for the TPA industry. Around 27 clients are currently in use.

2.1.2 Size, trend, and maturity of the industry

Outsourcing is a massive business. Most critically, the industry continues to expand. There are numerous chances for outsourcing businesses in Bangladesh, particularly for a developing country like Bangladesh. In the United States, the TPA sector is a multibillion-dollar industry. They used to be hesitant to outsource their company procedures. However, the tendency has shifted in recent years. They are now reducing their workforce in the United States and

outsourcing their business processes. This year alone, Data-Path has added five new TPA clients. And three are awaiting a decision on one. Data-path Ltd. expects to have more than 25 TPA clients by the year 2022.

2.1.3 External economic factors

In today's environment, outsourcing is one of the hidden secrets of large companies to become successful of modern world. Outsourcing has grown to be worth billions of dollars. Despite the fact, Bangladesh is now lagging in this field. On another hand Bangladesh is lacking behind at the present time in outsourcing industry due to many reasons. However, Data-path Ltd is in position to emerge in this country. Data-path Ltd is experienced and specialized in TPA industry. As TPA industry is a huge industry in the America, it created a great opportunity for us to bring a huge amount of foreign money in this country.

2.1.4 Technological factors

Data-Path Ltd uses the most used software which uses in the RPF industry from the start of outsourcing industry. Third Party Administrator customers prefer to operate in different way and employs have variety types of software in RPF sector to operate work. At the beginning of Data-Path Ltd, the journey was not easy as it had 20 other TPA clients besides July Business Services. Over the time, DP managed to prepare their employees on different type of industrial applications. Furthermore, Data-Path Ltd. is now working on its own software. Beside this, DP has plan to create for their own use as well as sell in the RPF market in the United States.

2.1.5 Barriers to entry

To enter into outsourcing industry is really complex. At first, a large number of technically proficient required employees becomes barrier to entry as very rare amount of people are familiar with RPF what required perfect training with lots of time. Furthermore, capital is another block to entry into IT-based company as it requires significant amount of capital. Faith is one of the most essential for outsourcing industry to unlock achievement. Outsourcing companies works with very sensitive and confidential data of American citizens.

2.1.6 Supplier Power

The interrelation between the provider and the consumer is ambiguous in the outsourcing industry, but the provider's presentation has more potential as a mentor in this network. Mastery in managing with this sort of group of workers is instantly for the good thing about all party individuals. Their transactional relationship is additionally one of a kind. As a result, if the provider's overall outcome improves, the service will improve as well. It can be stated that supplier's past striking execution that extends on conviction can increment their obtaining control, whereas a buyer who wants a professional hard worker and expertise polished artwork is more likely to pay more based on the supplier's belief and records, but they moreover keep up a solid position as competition between carrier suppliers (provider) is expanding each day.

2.1.7 Threat of Substitutes

Computer program would posture the most prominent risk of choices in this industry. Numerous program companies are by and by endeavoring to deliver computer program that can completely complete/create an RPF arrange from the ground up. Anyone with only a basic understanding of RPF could use that software. On the other hand, those initiatives will take years to develop. However, if the US government does not modify the RPF norm of regulation, there is no solid substitute for this industry for the time being.

2.1.8 Industry rivalry

The major competitor in the market is "Fin Source," a Bangladesh-based RPF outsourcing organization. A group of senior Data-Path Ltd. workers left in 2018 to begin a RPF outsourcing firm called "Fin Source." There's right now no other equal within the showcase but "Fin Source".

2.2 Data-Path Overview and History

Data-Path Ltd is the first registered outsourcing company in Bangladesh which is owned by Jim Hudson and John Humphrey. The co-founder and chairman of Data Path Ltd. is Mr. Ashfaqur Rahman is the CEO of the company. July Business Services which is situated in United States is a TPA firm based that is part of Data Path Ltd.'s parent organization. July Business Services is the TPA industry's top business organization, offering clients retirement plan services. July

Business Services provides a variety of services to its clients, including retirement programs, administration, and record keeping. It was established in 1994. It currently has 94464 clients and operates throughout the United States. (Competitors, Revenue, Alternatives, and Pricing in Business Services, July 2022) July business service's present net worth asset is \$5 billion US dollars. Furthermore, the expected yearly revenue is currently \$28.1 million, with an estimated revenue of \$210,000 per employee.

2.2.1 History

Data-Path Ltd. began his travel in Bangladesh in 2006 in Uttara, Dhaka with a very minor portion. At first, they had begun with fair 6 exceedingly individuals to construct the establishment of the business. But the office moved to Gulshan when the company came on 50 employees. July Business Services has scaled back and does most of its work through Data Path Ltd at that time. Since 2015, the company started to develop quickly through its business process outsourcing division. Many other companies in America rater than July Business Services found out outsourcing as an opportunity to do business operations within minimum cost. After that they started working with Data Path Ltd through outsourcing without setting new owned offices. Data Path works for another 20 customers of TPA company and the number of employees burst out into 250 employees what results of to move into new broad office which is situated in Mohakhali.

2.2.2 Vision

The vision of Data-Path Limited is to gain the top position in the outsourcing industry and to change from a traditional BPO to the next Generation BPO.

2.2.3 Mission Statement

“Is to provide financial advisors and plan sponsors the power to choose the retirement plan solution that best meets the goals of business owners and their employees by delivering refreshingly responsive, unbiased, reliable plan design, administration, recordkeeping, and consulting that encourages saving for retirement.”

2.2.4 Core Values

Our company's core values support behaviors that will help us achieve our purpose, vision, and objectives.' (Jim Hudson, CEO, July Business services).

It believes that following these core values are keys to success:

- Positive State of mind
- Embrace Unused Thoughts
- Creative solution
- Commitment to individuals
- Teamwork
- Result oriented
- Accountability
- Celebrate success
- Technical competence

2.2.5 Customer mix

Data Path Ltd. is a firm which works for outsourcing in Bangladesh. The main customers of Data Path Ltd. are the TPA firms of the USA. There are currently 20 TPA firms that Data Path Ltd. is working for, apart from July Business Services Ltd. there are other TPA that Business Process Outsourcing department works for.

2.2.6 Service mix

July Business Services and other clients can take advantage of a variety of services provided by Data Path Ltd. The administrations are given underneath:

Plan Design

Plan must first be designed to start any new RPF plan. Many factors, laws, rules, and regulations must be considered when designing an RPF plan. Design the plan so that it is not subject to any discriminatory checks, benefits are most important to owners but do not discriminate against

ordinary employees, what types of contributions are included in the plan, what kind of employees will be removed from the plan, can be an example.

Plan Setup

Before evaluating a year's plan statements, numerous sorts of paper work must be completed for both new and existing RPF plans. Plan setup is the term for this procedure. The following are some of the steps in the plan setup process:

- Setup Paperwork
- Plan questionnaire
- Checklist
- RK statements
- Loan policy
- Amendment reports
- Plan documents/ adoption agreements
- Rollover policy
- Employee census information

Plan Operation

The Data Path completes all of the plan's gauges, computations, and accounting strategies in this step. The following are some of the stem's processes:

- Questionnaire Check
- Plan Document Check
- Census import
- Census Checking
- Eligibility calculation
- Vesting calculation
- Contribution calculation
- Contribution allocation
- Contribution reconciliation

- Loan reconciliation
- Ending Balance reconciliation
- Asset reconciliation
- Form 5500 preparation
- Form 8955-SSA preparation
- Electric form submission

Compliance Testing

For the plan to be legal, it must satisfy a few different types of discriminatory tests. Amid the benefit stage, the company performs different sorts of tests on the plan to check in case the plan passes the tests. The title of a few of tests are given underneath:

- ADP & ACP Testing
- Top-Heavy Testing
- General Non-discrimination Testing
- Minimum-Coverage Testing

Tax Compliance

According to USA tax laws some statements are prepared to comply with it.

Some are given below:

- Form 5500
- Form 8955-SSA
- Form 5330
- Form 1099-R & Form 945
- Form 5310 (for plan termination)

Plan Recordkeeping

July's daily valuation records platform and its collaboration partners, Data Path and July Services deliver automatic recordkeeping services:

- 24 hours Internet Access

- Quarterly Participant Statements
- Daily Valuation of Accounts
- Plan Sponsor Account Access

Participant services

Through its partnerships with financial institutions, July provides high-quality tools for consumers to plan for and achieve a secure financial future.

Payroll Services

Effort of Client is reduced and accuracy and efficiency are improved by having a single provider for retirement and payroll services. July's service guarantees are among the best in the business, but our ultimate goal is to process your paycheck without error every time.

Enrollment Materials

Professional enrollment materials are provided by JBS to assist participants in making enrolling and investment decisions. These materials generally include the following:

- Enrollment Workbooks
- Investment Education
- Risk Profile Worksheet
- Investment Fact Sheets
- Enrollment Forms

Investment Advice

In an RPF plan, neither the employer nor the employee's money sits idly in the Record Keeper's bank. It is typically invested so that the parties can profit financially. Data-Path Ltd. also serves as an investment advisor, advising clients on the best places to invest their money. Data-Path concludes their tasks using the software made by July Business Services and provide the final report and copies of all work through their own secure network; repeat for other clients.

2.2.7 Operation Activities of Data-Path Ltd.

Data-Path Ltd. started its travel with some representatives, and the businessperson relentlessly built a group of talented people. July Business Services has maintained a slightly impressive reputation in the retirement plan industry for a long time, and this reputation has extended to a variety of firms and employees. July and Data Path Ltd. also make a concerted effort to communicate with one another in a cooperative manner. For their activities, Data-Path Limited follows their own hierarchical structure, as shown in the figure-1:

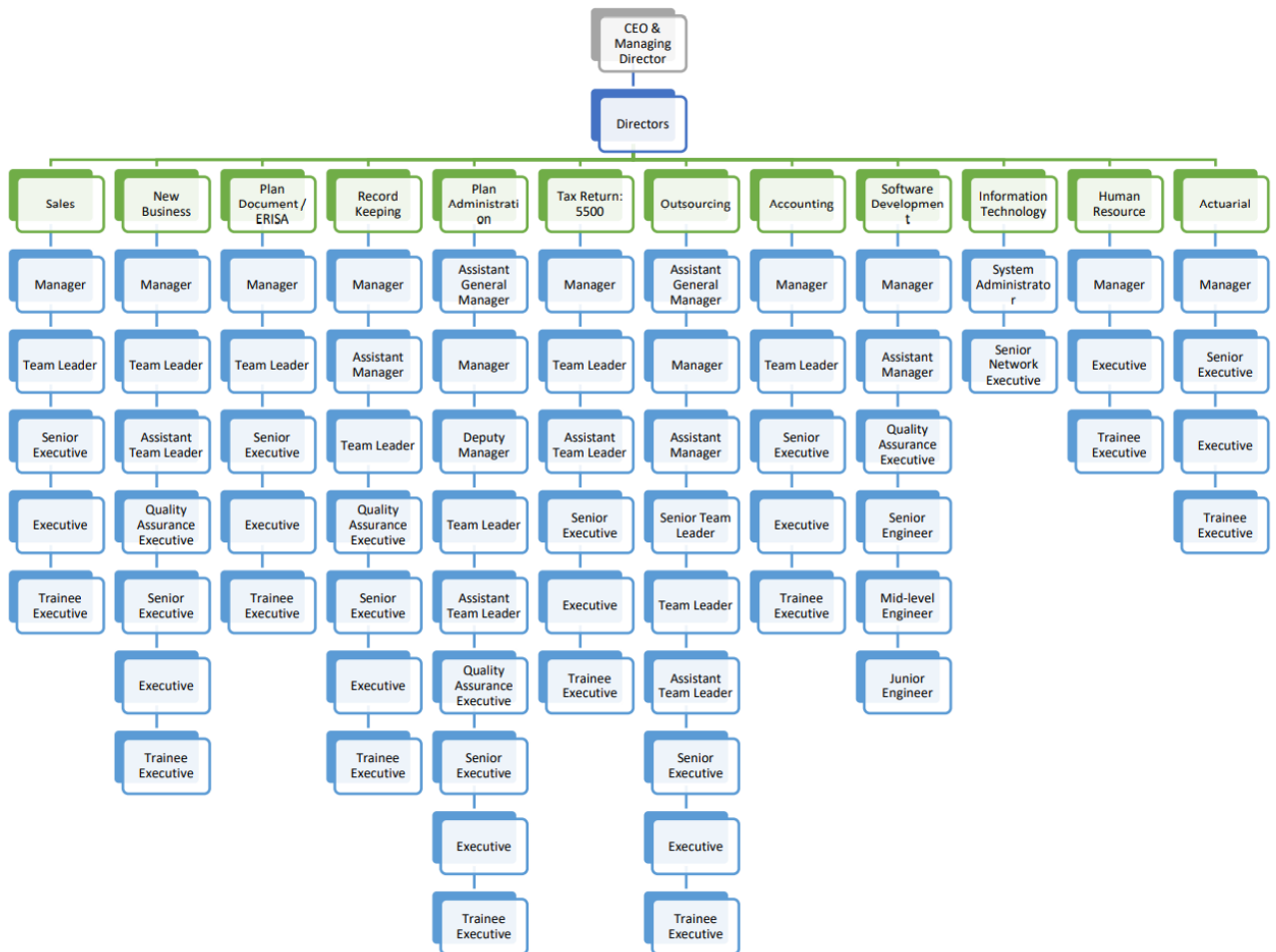


Figure 1
Organogram of Data-path Ltd

Sales

Sales department works with Retirement policy 401(K) Plan which manages the Deconversion process. It also prepares the sales proposals and manages compliance data illustration of Data Path Ltd.

New Business

All data are updated into the database through New Business department. This department also gives guarantee to extract the data. Data Path's business section provides all of the information.

ERISA Consulting

The ERISA department creates the plan document based on the information provided by the sales and installation departments. Profit-sharing plans, 401(k) plans, Safe Harbor Plans, and Safe Harbor 401(k) Plans are just a few examples of plan paperwork that generally contain 40 or more pages of law, rules, and regulations, as well as how they will affect the plan. They ensure that the proper information is forwarded to the appropriate departments.

Record keeping

For Venture Company, record keeping is the exchanging house that works in the Data Path. This office's job is to keep track of who's in the deal, what investments they own, and how much money is coming in and leaving out.

Workflow 5500

For each plan for July, Workflow 5500 in Data Path generates Form 5500. The Yearly Retirement Plan Report of Worker Benefit Plan could be a document that needs to be filed with the Department of Labor is known Form 5500. The Department of Labor requires any administrator or sponsor of an ERISA-covered employee benefit plan to submit annual statistics on each benefit plan.

Outsourcing Department

Most departments in Data Path are associated with July, however outsourcing departments work under a separate TPA than July. Each outsourcing department team collaborates with a distinct TPA to provide services such as plan review, plan procedure, and reconciliation. This department now has a good number of TPA clients. Outsourcing is the largest department in Data Path Ltd.

Accounting Department

The bookkeeping group in the accounting sector assists Data Path with all bookkeeping and money-related issues. This section deals with a wide range of issues, including charging every other office, stock records, remuneration for representatives, monetary explanation, and so on.

Software

To develop software or software related operations handles software department. It is one of the most and core department of the company. It plays a vital role for the Data Path Ltd as it is also a software-based company besides 401k retirement plan.

Information Technology

Data Path is required to provide benefit to most later technicians, it also necessitates daily IT support. IT division is responsible for keeping the affiliation's system up and running, as well as maintaining the network for all electronic devices.

Allocation Department

The purpose of determining divided divisions is to provide money to each plan participant for each year and to provide data to workflow 5500. Because July is a joint venture, all of their labor are seized by the allocation team, who prepares unique records to provide all of the necessary information to the other offices.

Human Resource Department

Human Resource regulatory center keep up the work environment of the affiliation in the office of Data-Path. HR division required to ensure the security of the affiliation of its workers. Other

than that, all the enrolment technique, talking with each office and prepare training support to the representatives by HR.

Distribution Department

The distribution division is responsible for allocating money to each employee when he or she is in a retirement plan or transferring money from one plan to another. They needed a program named RELIEUS to accomplish this type of task. This department ensures that their clients' funds are transferred properly or not.

Organizational Hierarchy of Data-Path Limited



Figure 2
Organizational Hierarchy of Data-Path Limited

2.2.8 SWOT Analysis

SWOT analysis describes the strength and weakness of the company along with the business opportunities and threat. It has been outlined as follows:

Strengths

- Software with a high level of security and Information Technology-based service.
- Almost no competitive rivalry in the market.
- Offering a lower pricing in the United States than other third parties.
- Sustainable business growth in Bangladesh.
- Obtaining remittances from outside for Bangladesh.
- It took many years to earn trust from other TPA firms.

Weaknesses

- There is a scarcity of sharp software.
- Very different and unique industry has emerged in Bangladesh.
- Employees need to train from zero knowledge and it's time-consuming.
- Weak promotional activities and website.

Opportunities

- New opportunities are available for fresh employs.
- Creating space for Bangladesh's outsourcing industry.
- Developing strategic alliances with a variety of companies across the world.
- Workflow depends on the US economy.

Threats

- Customers aren't sure via way of means of promissory notes.
- Completely TPA depending on industry.
- New entrances are trying to enter and capture the local customers.
- Very new service sector in Bangladesh.

CHAPTER THREE: METHODOLOGY

A three month long hard work of doing research results this report what is very informative in nature. It contains both primary and secondary data sources. Primary data contains mixed technique approach where secondary data contains information collected from online and book sources.

3.1 Primary Sources

- Face to face interview
- Self-work experience from Data Path Ltd.
- Survey Conducted over a moderate sample size

3.2 Secondary Sources

- Reports from last year's completed plans
- News article, Books, Government Websites of Bangladesh and the USA

CHAPTER FOUR: INTERNSHIP EXPERIENCE

4.1 Position, Duties, and Responsibilities

The journey of four-month period internship started at DATA-PATH Limited on November 01, 2021 in order to complete my internship program as it is a prerequisite for acquiring my bachelor's degree. Data-Path gives many scopes to interns to participate in variety of activities that have allowed to expand knowledge while also demonstrating abilities of interns. According to Data Path Ltd., A four-month internship program is an intensive curriculum. Where the interns will receive intense instruction and will be evaluated throughout the training process. When the internship period is over, they employ this grading process to hire interns. The organization would like to hire only those who are willing to commit to working for at least a year. In the 4-month internship programs, the interns are allocated to specific teams for specific clients, and the leader of that team provides the training that is required to accomplish the task assigned by that client. The interns will be a valuable asset to the organization, so if an intern quit their job after 4 months, the organization suffers a significant mislaying.

Data Path Ltd trained their interns on the basics of RPF after joining. It gives gradually opportunity to interns to learned more complex materials such as Plan Document and Questionnaire review, Census Import, Census checking, Eligibility Checking, Financial statements Import, Trust accounting, Software training, ADP/ACP testing, General test, Gateway test, Prepare Form 5500, Form 8955-SSA, valuation reports, contribution calculation, Trust Accounting, Contribution reconciliation, End balance reconciliation, Calculating Lost earnings, Val Write-up, Assembling Reports, Submitting Electrical file to Govt and a variety of other theory and practical topics. They began providing me practical works to practice after they had trained me on all of the theory required for the job. These pieces, however, were created in previous years. As a result, they were previously completed by the company. We were advised by the corporation that we needed to redo the work. Because RPF contains highly sensitive data. A simple blunder can result in a significant financial loss for the organization. As a result, the corporation rarely takes the risk of assigning new duties to interns. They require interns to do previous year's work as mock plans in order to know how to reconcile the asset transactions of

the US RPF by following IRS law. This practice will help an intern to become familiar with the software required to record accounting procedures.

An intern, anyone will get additional benefits besides acquiring job-related knowledge. Firstly, the internship is a paid program. Intern will get TK 8,000.00/- during internship program. Moreover, after completing the internship period there is usually a very high chance of job opportunity based on his or her performance. Secondly, lunch is fully subsidized by the office. Evening snacks and coffee are also offered. During the evening they also provide all the employees with some special evening snacks. Finally, last but not least they provide transportation facility which is a great privilege for the female employees. The office uses rental microcars to pick up and drop off people from different routes of Dhaka city.

4.2 Training

Data Path has begun their training session on the Retirement Plan Fundamentals law, which was prepared by the United States government, so that interns could gain a better understanding of the business in which would be working. Employees received training for the first six weeks, which covered two books: "Retirement Plan Fundamentals 1 & 2." The department on which this report has been made is called "Business Process Outsourcing (BPO)." Rather than July Business Services, the BPO department concentrates on its clients. The BPO department at Data Path is in charge of outsourcing the business processes of numerous other organizations. Because the majority of the employees work for July Business Services, it stands out from the rest of the departments. Furthermore, the client for whom we were working is a new client.

4.3 Contribution to departmental functions

On the second month of internship program, some employee got the chance to work on live retirement plans after one months of training sessions.

The steps needed to take to process a plan were as follows:

Plan Document analysis

At the very first step of full plan valuation, the plan document must be analyzed after the collection of all essential documents from the client. Plan document is explanation of doing plan valuation.

Failure to adhere to the conditions of the plan document is an operational defect that necessitates remedial action and could result in the loss of qualified status. The plan document also explains how members or beneficiaries may be eligible for benefits from the plan, as well as the amount of those benefits. As a result, everything mentioned in the plan document must be thoroughly examined in order for the plan to do full plan valuation.

Reports collection from the client

A retirement plan professional often obtains some information from the plan sponsor/client to complete year-end administration are given below:

- Employee census or Payroll
- Financial statement
- Questionnaire
- Prior year necessary reports

Plan specification update to Datair

Datair is a prominent provider of software and services for employee benefits professionals who manage qualified retirement and health benefit plan's recordkeeping, administration, compliance, census importation, financial importing, document preparation, testing, and reporting. Data Path and July Business Services use this software mostly besides other software to process a plan.

As a result, the requirements listed in the plan document must be modified in the program for each plan.

Census import into Datair

As in the first step mentioned that the client will provide us the census report which includes all the employees' information of the plan sponsors organization, this needs to be made ready into an Excel file and make sure that all the formats of the fields are correct. Afterward, the file needs to be saved in "Comma Separated Values" (CSV) format and uploaded into Datair. After the import, Datair will give a status if the import was successful. If not then the formats of a few cells might have been different and have to import it again. Later on, the eligibility post has to be made, i.e., it is an order to the software that it should calculate which employees have met the eligibility requirements (also called participants), according to the plan document, and gives an entry date to the employee into the plan.

Census checking

A census is a file which is submitted by the employer that contains all of the employees' information, including participant's Social Security number, name, date of birth, employment date, compensation, and a variety of other plan-related details. Components on census needs to be checked with the previous plan year's census file and the one which has been imported into the Datair software. After importing census into Datair, all the data and information are loaded. The entire census verification process is carried out in Microsoft Excel utilizing a variety of complex algorithms. This stage of the planning process is critical because we must determine whether or not the employees have been properly included.

Export current and prior year census file

In this phase, Both the current and previous year census files, as well as the client's census, will be combined into an Excel file and compared. Using "VLOOKUP" formula in MS Excel use to cross-check the census file of both years.

Preparing DP Notes

Many issues come across while cross-checking the census file. For example, an employee's compensation given but there are no hours or re-hire date mentioned, zero compensation and hours given but there is no termination date given.

Contribution Report Download

Afterwards downloading the contribution report from Dataair and manually calculate everything to see if all the contributions were made appropriately. If there is a discrepancy, we must operate in accordance with the plan document. Because the customer may have overfunded or underfunded, it is vital to review the plan document and request that the client pay or withdraw as needed.

Run Testing

Average Deferral Percentage, Average Contribution Percentage Testing, General Nondiscrimination Testing, and Top-Heavy Testing are the three basic types of testing required for a plan. The checks are done automatically using Dataair software to ensure that there is no discrimination between highly compensated and non-highly compensated personnel. If the testing fails, the plan sponsor, for example, will face several implications in the following plan year. All employees will receive an additional 3% contribution.

RK Summary

There are 68 Record-Keeping firms that Data Path uses; like American Funds, American Funds Premier, Empower, John Hancock, Ascensus, and so on. For a particular plan, a specific RK is used, and it is required to download the transaction history, statement, and investment summary from that RK's website. From the transaction history excel file late deposit information has been found for the participants, and then if instructed Late Earnings file has to be prepared, and Form 5330 has to be filled. For the RK summary, the investment summary excel file is used along with the investment statement PDF. The summary is prepared running some particular macro (not every RK summary has macro, many have to be done manually) in excel, and calculation and formatting are necessary. Afterward, the file has to be reconciled with the statement.

Contribution Receivable File (D ConRec)

After completing the RK summary another excel file must be prepared, which is called D ContRec or only D. This file provides all of the information on the participants who were eligible to contribute throughout the plan year. A separate area has been set aside for various forms of donations. For preparing this correct contribution amount and the RK summary have to be prepared beforehand. It is a very crucial part of the plan processing, as it shows how much money a participant has contributed or employer contributed on his or her behalf and what amount has been deposited to his or her account in the RK. It is also used to prepare the Notebook Project later.

Trust Accounting

At the end of the year, trust accounting paints a big picture of the entire plan's financial activity, as opposed to the daily allocation and valuation operations that paint a small picture. The overall performance of the plan must be reviewed to confirm that all expected transactions were handled correctly for daily value. Due to following reason trust accounting prepared in plan administration:

Verifies that the plan's assets are in excellent working order and that the plan's operating performance is sufficient.

- Prohibited trades and other irregular entries are investigated in trust fund activities.
- Preparing statement showing assets and liabilities

Trust accounting reconciled to:

- The net assets on the current year's Balance Sheet equal the net assets on the prior year's Balance Sheet plus the net income from the current year's Income Statement.
- The cash balance on the Balance Sheet and the Summary of Cash Receipts and Disbursements for the year are identical.

Submit to reviewer

The final stage is to submit prepared reports to the assessor for assessment to ensure accuracy. The assessor goes over the entire plan and provides the plan preparer with input on what went right and what went wrong. The plan is then finalized after the preparer makes any necessary corrections. After doing everything correctly, the reviewer writes a letter to the client and submits it to the plan sponsor.

Plan Valuation

After a plan is reviewed by the reviewer, the plan valuation needs to be completed. The plan valuation includes importing gain/loss, loan, distribution amount; preparing Gain/Loss Summary, Forfeiture Summary, Loan Summary, Distribution Summary; and downloading some for reports from ASC like Plan Specifications, Summary of Accounts, Plan Valuation Reports, SSA Terminate Reports, RMD 72 Report, ASC Count, Billing Count and in total 18 other reports. After completing the plan valuation, it has to be submitted to the reviewer once again. If everything is well prepared and there is no issue to hold the plan all the file has to be saved to the client folder in the remote server.

Notebook Project

This is basically the last part of a plan, and it has to be prepared at the year-end when all paper works and calculation of a plan is done. Files have to retrieve from four sources to prepare this:

- Client Folder (Remote Server)
- Pension Pro Software
- Datair Software

Some excel and word files need to be changed and converted to PDF, also some calculations and new files needed to be ready.

Lastly, all files are combined together into a new file, which has all the summaries of the plan. After preparing the PDF file, the plan has to be archived from Datair. So that all information can be used in the next year.

4.4 Background of the US Retirement Provident Fund

Employers in the United States provide a wide range of benefits for their workers. In other cases, such as paid vacation days, the employer is responsible for the entire cost of the benefits. Benefits are becoming a larger part of the total employee-related cost of doing business. At a cost-sharing arrangement between the employee and the company is frequently provided and obtained by the employee benefits. In 1974, ERISA (Employee Retirement Income Security Act of 1974) was signed a bill on 2nd September. For the benefit of employees, particularly retirees, a complicated series of legislation was enacted. According to the 1974 law (American Society of Pension Professionals & Actuaries, 2010), "ERISA" is regarded as the skeleton of the law and regulation of all types of employee benefit plans.

The US retirement plans are of two kinds:

1. Defined Benefit Plan - The benefit is usually described as an annuity, which is a series of generally equal payments made at regular intervals, such as monthly or yearly, in most defined benefit plans. Payments usually begin with a participant reaching the normal retirement age which is generally considered as 65. As the payments are made for the participant for the rest of his/her life it is called a life annuity. (American Society of Pension Professionals & Actuaries, 2010).

2. Defined Contributions Plan – A defined contribution plan is often known as an individual account plan because each member has his or her own account. A predetermined amount of money is placed into the participant's account under this plan; for example, A participant may contribute 3% of his entire salary, and the plan allocates a similar or different proportion or a set sum of money (\$100) to that individual. (American Society of Pension Professionals & Actuaries, 2010).

The defined contribution plans are of different types as well:

- 401(k) Plan
- 403(b) Plan
- Profit-Sharing Plan

- Safe Harbor 401(k) Plan
- Money Purchase
- Tax-advantaged arrangements

Defined contribution plan has allocation and contribution sections, where it is explained how employees will contribute when they are eligible, and how much they can contribute; also, the amount that can be allocated to each and every employee is described there as well.

4.5 Terms of the Basic Plan Document

Compensation

The compensation word is typically referenced in a plan agreement's contribution or allocation sections. A participant's total pay is often included in compensation for benefit and contribution purposes. Instead, Plan sponsor gets freedom to add or eliminate compensation elements to the result is a compensation definition that does not unfairly benefit higher-paid employees. Sponsors give flexibility by qualifying limitation of salary that uses to compute benefits which is described in American Society of Pension Professionals & Actuaries, 2010 law.

Employees Who are Eligible

Determining of finding who is and is not eligible to join in a plan is critical. Eligibility determination is necessary to identify eligible employees. In most cases all the employees of an organization are entitled to participate in a plan; except the employees working with a union or if that employee is a nonresident. However, there are some other requirements to fulfill as well to become eligible to contribute to the plan and get allocation from the employer. There are eligibility requirements mentioned in the plan document for a particular plan, and employees need to satisfy those to get the entry.

Plan Year & Fiscal Year

The plan document specifies whether a plan follows the plan year or the fiscal year. Varied plans have different fiscal years, such as some that use the calendar year (1/1/2021 to 12/31/2021) as

their fiscal year. Employers may also choose to use the calendar year as the plan year for their retirement programs.

Normal Retirement Age

There are some plan documents where normal retirement age and date are mentioned separately, while some has mixed this two up. By NRA it is understood that a participant will attain his/her normal age of retirement as of when s/he gets to the age of 65, or in some plan documents it is defined as 65 years or the 5th work anniversary of the participant; the one comes later (American Society of Pension Professionals & Actuaries, 2010).

Hours of Service

All proposals must adhere to the regulations “Internal Revenue Code and the Department of Labor”, this is why it is important to validate the hours of service of every participant. These hours of service include all the paid hours an employee work for including the leaves of different types. This criterion is quite consistent. There are some very important things that depend of a participant’s current year or previous year’s hours of service like eligibility, vesting, etc. (American Society of Pension Professionals & Actuaries, 2010).

Years of Service

Years of service is defined by an employee’s working period of 12 months fulfilling the 1000hours requirements. This is necessary for calculating vesting and for determining whether the participant is eligible for the contribution allocation as well.

Leave of Absence

Leave of absence is basically defined as 1 year of a break in service; break in service is referred toas consecutive 12 months not working during a plan year and not having more than 500 working hours according to “Internal Revenue Code”. It is defined in the plan document as it has an impact on both eligibility and vesting calculations (American Society of Pension Professionals & Actuaries, 2010).

Highly Paid Employees

Employees that are highly paid or compensated have ownership in the company or have met the prior year's remuneration limit:

- More than 5% of the company's ownership is held by employees.
- The owners' family (Parents, spouse, children).
- Employees who received more than \$130,000 in salary the preceding year (ASPPA, 2010).

Top-Paid Group Election

The top 20% of the highly paid employees are included in this group. This has to be selected in the plan agreement; the 5% ownership test has no impact on the top paid group.

Employees that are not well compensated

Employees who are not HCE are all included in Non-Highly Compensated Employee (NHCE) group.

Requirement of Eligibility

The usual qualifying requirements vary every plan, but they include 21 years old, 1 year of service, and a dual or semi-annual entrance frequency. The entry requirements for all types of contributions can be the same or different.

Entry Date

The most important component of a plan's allocation procedure is determining a participant's enrollment date. The entry date is the day on when an employee begins contributing to the plan, and his or her company also contributes, and he or she is then included in all testing.

Vesting

The amount that participants are entitled to take with them when they retire or leave the company is referred to as the vested amount. Vesting follows a set of guidelines. To be vested for a year, a participant must complete 1 year of service, 1000 hours, and the process must be repeated until the participant is fully vested. Employees' own money (Deferral, Roth, and Rollover) is always 100 percent vested, and the vesting requirements apply to the employer's money as well.

Cliff and Graded vesting are the two types of vesting available. The six-year-graded and three-year-cliff vesting regimes are the most frequent. For example, 6 year-graded vesting works like this:

1st year – 0%

2nd year – 20%

3rd year – 40%

4th year – 60%

5th year – 80%

6th year – 100%

Testing

For the retirement plans of the US testing is the most important part. To get the tax benefits from the government organizations' retirement plans need to pass all the tests. Which include:

- Average Deferral Percentage test
- Average Contribution Percentage test
- Top Heavy Test
- Ratio Percentage Test
- IRC Coverage Test
- Gateway Test
- APBT Test for New Com

For each plan, not all tests are required. The tests must first be calculated in MS Excel, and then run on the program to see whether the test results are correct.

Allocation

The activity TPAs do on behalf of the retirement plan holder client every year indicates allocation. All the contribution, distribution, testing, all other activities are included in the Allocation. Not only calculations, it also includes reports collections and review.

4.6 New Skills Developed

In the course of a four-month internship, Data Path Ltd was able to acquire a great deal of expertise, and employees learnt new subjects they had no prior understanding of. It also assisted in shaping and preparing people for entry into the business sector after they had officially completed their studies.

Knowledge gathered during internship period from DP are discussed below:

Corporate knowledge

Interns had no idea there was an entire industry dedicated to RPF in the United States before coming here. In Bangladesh, this is also outsourced. Employees were completely unaware of the USA RPF. Interns would state that their internship at Data Path Ltd. helped them get a good corporate knowledge of the RPF industries. How this type of work might be outsourced to other countries. It broadened my understanding of outsourcing. The experience aided in the development of a solid professional profile. Most importantly, staff have gained knowledge of USA RPF's accounting methods.

Corporate behavior

Good corporate behavior is desirable in the type of work field. The environment in Data Path Ltd. was very friendly. So, it was very easy for me to adapt to the environment and develop my corporate behavior. As this internship is first corporate experience, students did not have much experience regarding corporate behavior. Students, on the other hand, learn a lot in a short period

of time after joining a corporate environment. For example, how to speak with my seniors or juniors, how to properly complain or make a request, or even simple things like how to organize data in my PC so that it can be quickly accessible, etc.

Time management and priority setting

There are two deadlines in the RPF industry. The three months leading up to these two deadlines are referred to as "Busy Season" by the company. During the busy season, all staff were forced to labor under extreme stress for six months. They were also required to submit their work before the deadline. The month of January marked the start of a busy season, and because my training had already been done, I had to work alongside the rest of the crew. The client, as well as my team leader, had set deadlines. This improved my time management and taught me how to function under duress. Furthermore, having a regular office schedule allowed me to better manage my time and prioritize my tasks. Only a few hours of free time remain after returning home from the office. Then I had to prioritize what I wanted to do with my free time and complete it within those few hours.

A greater sense of professionalism

During my four months of internship, I had the opportunity to meet a wide range of people. In fact, there was a 15-person internship cohort. Everyone comes from a distinct background. It allows you to discover the distinction between friends and colleagues. The internship taught me how to speak, think, and even compose professional email exchanges.

Communication

These four months of internship allowed me to meet a lot of new people and establish new relationships. The atmosphere at Data Path Ltd. is really pleasant. They were presented to a number of individuals in the company on my first day of internship. Furthermore, there were numerous trainers present during our training sessions. As a result, interns must meet with a large number of trainers during their training time. We were also an internship cohort of eight interns. Employees' communication abilities were greatly aided by the large number of new connections and everyday talks with them.

Being more careful and sincere

Because the RPF business deals with very sensitive information that is regularly audited by the IRS, any error may be quite costly. Furthermore, the risk of confidential information being leaked is a major problem. As a result, personnel had to be extremely cautious when working. Especially when it comes to privacy. There were a few training sessions dedicated solely to learning about data privacy and how to safeguard it. Employees were reminded to always lock the PC before leaving if an intern was not there, even if it was only for a minute. These taught us to be more cautious and truthful in our actions.

More proficient IN MS EXCEL

Data Path Ltd. is known for its extensive use of Microsoft Excel. They make sure that all of their personnel are well-versed in Microsoft Excel. During these four months of internship, their interns became quite proficient in the use of Microsoft Excel. It helps you to learn all of Excel's keyboard shortcuts. And can operate quickly in MS Excel without using the mouse.

CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusion

After exploring the IRS rules and regulations it may be conclude that:

- Retirement plans are straightforward to everyone. Both plan sponsor and the plan participants are comprehending their retirement plan condition.
- At the retirement age, it will be a great source of support for the senior citizen and their family as well.
- It helps to avoid wasting money and will be a source of income for his or her retirement stage.
- This retirement plan encourages people to invest in stock exchange which impact in overall economy.
- The government imposes a deadline to submit the reports, which must follow IRS rules and regulations and be maintained by the plan sponsor.

Data-Path Ltd. operates as an outsourcing company in Bangladesh and only works with retirement plans in the United States. DATA-PATH Limited's mother company, July Business Services, is completely satisfied with the work performed by the company. In 2005, the company had only five employees and has now expanded to over 350, with more on the way. Business Process Outsourcing department is significant largest department of the outsourcing industry of this company. As this industry is growing so fast with competitive environment that the company is also expanding its industry by hiring new interns and turning them into permanent employees. BPO customers are happy since the organization is dedicated to keeping its core values and offering outstanding service to its clients.

5.2 Recommendations for improving departmental operations

From the realization of pension policy during the whole period of practical experience in Datapath, I would like to provide a new perspective on some problems that they had never considered. In our nation, financial issues are exceptionally common, but it would be a great problem if a person do not have any savings for his or her retirement age, even after working the whole life. By comparing the retirement system of Bangladesh and the US, I have found some differences and lacking in Bangladesh pension policy and an employee could make the following recommendations:

- Bangladesh government should facilitate retirement benefits to those employees who are in private sector, much like US government design their retirement plans for both public and private job holders.
- Tax exemption for private job holders, as in the United States, is a wonderful benefit that Bangladesh's government can provide. It will encourage employees to invest in retirement plans.
- The rules and regulations of the retirement systems should be strictly regulated by the Bangladesh government.
- The Bangladeshi private-oriented companies that already offer this benefit to their employees should be transparent about their facilities and the terms of conditions they impose. Every participant in this retirement plan is concerned about their investment.
- The financial market is the most profitable place where retirement money can be invested, but the government should look after this market with high importance and try to maximize the profit that an investor will get at retirement age.
- If the government offers a few additional benefits such as health insurance and free medical care with the retirement plan, it will encourage more people to invest in this money market.
- The US government designs their retirement plans in such a way that underpaid employees do not get discriminated against through different types of testing. The Bangladesh government should look into this discrimination as well.

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