

Internship Report

On

“Comparative Study on Retirement Plan between Bangladesh and the United States of America (USA)”

Submitted To:

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BBA in AIS
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Bachelor of Business Administration (BBA)



United International University

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Letter of Transmittal

Date: 9th February 2022

Dr. James Bakul Sarkar

Associate Professor

School of Business and Economics

United International University

United City, Madani Ave, Dhaka 1212

Subject: ***Authorization Letter for Internship report***

Dear Sir,

Enclosed is the report on “*Comparative Study on Retirement Plan between Bangladesh and the United States of America (USA)*” which is submitted to you as a required piece of the fulfillment of the internship program.

The whole report depends on pragmatic experience on the American Retirement Benefit Plan and its reporting rules and guidelines. This report will assist with having top to bottom information about the distinctions between US retirement policies and the approaches utilized in the Bangladesh retirement plan. Your legitimate direction likewise assisted me with setting up this report. I have made an honest effort to outfit everything that I have learned at Data Path Ltd. In addition, I gathered vital information through organized and unstructured meetings, various distributions, and related sites. I have given my work to make the report address the reality. I will be accessible all of the time to decipher any issue concerning this report.

Much thanks to you for your kind supervision and support.

Sincerely Yours,

Rahnuma Haque Chowdhury

ID: 141 171 010

BBA in AIS

United International University.

Endorsement

The Internship report entitled " *Comparative Study on Retirement Plan between Bangladesh and the United States of America (USA)* " " has been submitted for the degree of Bachelor of Business Administration (BBA), Major in Accounting Information System by Rahnuma Haque Chowdhury, ID: 141 171 010. The report has been accepted and may be presented to the Internship for evaluation.

(Any assessments, ideas made in this report are all together that of the creator of the report. The University doesn't support nor reject any of these assessments or ideas).

Dr. James Bakul Sarkar

Internship Supervisor

Acknowledgment

I would like to convey my heartfelt thanks to my internship supervisor. Dr. James Bakul Sarkar, Associate Professor, United International University for his unwavering support and direction, without which this report would be incomplete. I would also want to express my heartfelt gratitude to United International University and all of my faculty, who have made significant contributions to my wisdom and knowledge, which I've reflected on in my report.

I would also want to express my gratitude to Data Path Ltd. for providing me with such an amazing internship experience. I cannot express my gratitude enough to Md. Mohammad Mominul Islam, Manager, Accounting, Data Path Ltd and I am also very grateful to some other people without whom it was quite impossible to prepare this report. My special thanks to Mr. MD Asfakur Rahman (Managing Director), Mr. KH. Fazle Rabbi (director), Omar Faruk (Executive Officer), Uma Haque (Executive Officer), Faisal Nur (Executive Officer), and last but not the least my internship colleague Tanjila Jaman for their unwavering support and supervision, which enabled me to gain invaluable professional experience and expertise.

Executive Summary

The report clarifies various parts of the Retirement plan process in the USA and Bangladesh. Also, by making a comparative study I attempted to sort out how successful and all-around managed the USA Retirement Industry is and how much unstructured we are in Bangladesh in this Retirement Plan area.

At first, the report is about the USA Retirement system. These are a few highlights of the US retirement strategy for which those are so famous and generally utilized by government and non-government Corporations even on account of sole ownership. These policies are so much famous because of Governmental principles, People who want to save, People's all in all correct to know, Contribution to the public economy, Contribution to the country's economy. The US government is extremely mindful and earnest about safeguarding the right of retirees and getting them monetarily in resigned life. The Internal Revenue Service and the Department of Labor give rules to the business to deal with the retirement benefit intend to give their workers retirement benefit. The retirement policy likewise assists the business with having Tax reserve funds for the benefit of the association.

The second period of the report portrays momentarily the Bangladesh Retirement Industry. There are various kinds of the pension system that exists both in the public authority and private area which are disorderly and completely unstructured. No appropriate rules for the retirement benefits like Gratuity, Benevolent Fund, Government convenience, group insurance, etc.

In the Third, stage I attempted to recognize the USA and Bangladesh retirement strategy contrasts in a few significant places. The public authority governs, individuals' right to the economy, reliance, benefit sum, and so on likewise contrasts.

At long last, because of the discoveries, I make few proposals as the government ought to be concerned and earnest about safeguarding the right of the retirees. It could be feasible to acquire an organized arrangement assuming government changes or reshape the approach.

Table of Contents

Letter of Transmittal	i
Endorsement	ii
Acknowledgment	iii
Executive Summary	iv
Chapter 01: Overview of the industry.....	1
1.1. Internship Information.....	1
1.1.1. Company and Internship Details:.....	1
1.1.2. Job Scope:	1
1.2. Internship Outcomes:	3
1.2.1. My Contribution to the Company:.....	3
1.2.2. Benefits to the Student	4
Chapter 02: Origin of the Report	7
2.1. Objectives of the Study	7
Specific Objectives:	7
Broad Objectives	7
2.2. Significance of the Study:.....	8
2.3. Methodology of the Study:	9
Primary Data	9
Secondary Data	9
2.3.2. Sampling Technique or Procedure.....	9
2.3.3. Scope:.....	10
Area	10
Time.....	10
2.4. Findings of the Study:	10
2.5. Challenges	11
Chapter 03: Organizational Background and Industry Perspective.....	12
3.1. A brief Introduction of the Organization	12
3.2. Overview of the Company:	13
3.3. Organizational Background and Industry Perspective:.....	14

3.3.1. Historical Background of the Organization	14
3.3.2. Vision.....	15
3.3.3. Mission	15
3.3.4. Objective	15
3.3.5. Logo.....	15
3.3.6. Core Values:	15
3.3.7. Founding Partners:.....	16
3.3.8. Strategic Partners:.....	16
3.4. Organizational Structure	17
3.4.3. Service Mix:	18
3.5. Some High Valuable Software I use in Data Path Ltd:	20
3.5.1. My Learning Activities Using this Software during My Internship Period	21
3.6. Industry Analysis	22
3.6.1. Outsourcing:.....	22
3.6.2. Size, trend, and maturity of the industry:.....	22
3.6.3. Industry Specification:	23
3.7. SWOT Analysis.....	25
Chapter 04: US Retirement Policy	26
4.1. Types of Retirement Plan in the USA:	26
4.2. Defined Benefit Plan	26
4.3. Defined Contribution Plan	26
4.4. Types of Defined Contribution Plans	27
4.4.1. Profit-Sharing Plan	27
4.4.2. 401(K) Plans	27
4.4.3. Stock Plan.....	28
4.4.4. Safe Harbor 401(k) Plans.....	28
4.5. Basics of Plan Designs	28
4.6. Plan Documentations.....	29
4.7. Basic Plan Document Language	29
4.8. Vesting	31
4.9. Testing.....	31
4.10. Allocation	32
Chapter 05: Bangladesh's Retirement Policy.....	33

5.1. Types of Pensions.....	33
5.1.1. Compensation pension	33
5.1.2. Invalid Pension	34
5.1.3. Superannuation Pension.....	34
5.1.4. Retiring Pension	34
5.1.5. Optional Pension.....	34
5.1.6. Family Pension	35
5.2. Retirement Benefits Not Entitled in Certain Cases:	35
5.3. Pension in Private Sector:	36
5.3.1. Data Path Retirement Policy.....	37
Chapter 06: Comparative Analysis	38
6.2. Findings	41
6.3. Recommendations	42
6.4. Conclusion:.....	43
Appendix.....	viii
List of Acronyms.....	viii
Glossary.....	viii
References	ix

Table & Figure

Figure 1: Organization Structure.....	17
Figure 2: Unify.....	20
Figure 3: Relius.....	20
Figure 4: Sage.....	21
Figure 5: ACP Test	31
Figure 6: Retirement Benefits of BD & USA	39
Table 1: SWOT.....	25
Table 2: Comparison between the Retirement Provident Fund of the US and Bangladesh	41

Chapter 01: Overview of the industry

1.1. Internship Information

1.1.1. Company and Internship Details:

Internship Period: I have joined my internship program at Data-Path Ltd. Ltd. On 1st October 2021. This is a 4-month internship, which will end on 1st February 2022. In Bangladesh, most other organizations usually offer internships for 3 months. However, in the case of Data-Path Ltd. Ltd, their internship program is one kind of 4 month of training course. If the intern employees can perform well in this training program, they are usually recruited permanently.

Name of the department: Accounting, July Business Services. It is currently one of the growing departments in the company. Currently, the department consists of 8 employees who are working from Bangladesh. They are also recruiting more employees in the department. By the beginning of 2021, the company predicts that this department will consist of more than 15 employees.

Name of the company: Data-path Limited.

Company Address: Ambon Complex, 99 Bir Uttam AK Khandakar Rd, Dhaka 1212.

Supervisor's Name and Position: MD. Mohammad Mominul Islam, Manager, Accounting.

1.1.2. Job Scope:

Job Description: According to Data-Path Ltd. Ltd. The 4 months long internship program is an intensive program. Where they will provide intensive training to the interns and will evaluate them in each training process. They use this evaluation method to hire interns when the internship period is over. The company always tries to recruit interns who are willing to stay in this company for at least more than one year. Because this is a paid internship program and during the internship program the intern does not usually add any value to the company, as they are only being trained in this period. Thus, if an intern leaves after the internship program it is a big loss for the company.

After I joined Data Path Ltd as an intern, I was prepared for the essentials of RPS. Slowly I have learned more confounded materials like Census checking, Trust bookkeeping, Software preparing, ADP-ACP testing, General Non-separation testing, Form 5500, report valuation, commitment estimation, Asset compromise, Contribution compromise, Ending balance compromise, Lost income computation, and a lot more hypothesis and functional themes.

After they have trained me on all the theories needed for the work, they started giving me practical works for practice. However, these works were from prior years. So, they were completed by the company before. The company told us to redo the workings again. As RPF consists of extremely sensitive information. A simple mistake can cost the company a huge burden. Thus, the company does not usually take the risk to give the interns new tasks. They make the interns do prior year completed works to make the interns understand how to do the accounting procedures of USA RPF practically. More importantly, this method of practical learning makes the interns get accustomed to software that is used to record the accounting procedures of RPS.

This also gives many other opportunities to the interns as well. First and foremost, the temporary position is a paid program. The entry-level position paid in Data-Path Ltd. Ltd. Begins with 8,000 TK. Additionally, there is generally an amazingly high possibility of an open position after the temporary job program assuming that an intern performs well during the entry-level position program. Besides, every one of the employees including the interns are given free lunch from the organization. There is additionally a valuable open door for limitless snacks and espresso. During the evening they likewise give every one of the employees some unique evening snacks. At last, last however not the least they give transportation backing to every one of the employees. Which I believe is an extraordinary honor for any inhabitants in Dhaka city. They have transports that get and drop the organization employees from various courses of Dhaka

1.2. Internship Outcomes:

1.2.1. My Contribution to the Company:

Though there are few opportunities to add value to the company as an intern. As the interns are not given any actual work but only training during the internship period, I have managed to add some real value to the company. Those are given below:

- **Census Checking:** In the wake of finishing the two-retirement plan essential books, I was permitted to take a look at the full enumeration if everything is okay. An enumeration is a document that is sent by the business containing all workers' data: Social Security Number, Name, Date of Birth, recruit date, remuneration, and a lot of other arrangement-related data. Each part should be checked with the past arrangement year's statistics record and the one which has been brought into the ASC programming. ASC is the primary programming where every one of the information and data is entered. The entire statistics checking process is done through Microsoft Excel utilizing different progressed equations. This piece of the arranging system is vital as we need to sort out if the workers are incorporated accurately or not.

- **Rechecking Prior year works:** As Data-Path Ltd. works with extremely sensitive RPS information, they do not usually take the risk of giving the interns new tasks as they could have made any mistakes. Thus, the interns are given prior year's tasks that are already done. We had to redo the work from scratch. This not only gives us practical training but by doing this Data-Path Ltd. was able to recheck their works. If there were any mistakes made by Data-Path Ltd. in the prior works, they can easily find out by this process.

- **Download current and prior year census file**

In this step, the current and prior year census file along with the census sent by the client will be added into an Excel file and compared with each other. For this process, the “VLOOKUP” formula is commonly used to cross-check the census files in Microsoft Excel.

- **Preparing DP Notes**

After cross-checking the census files, many issues come up. Example: no contribution formula given, compensation amount of an employee given but zero hours worked, and many more. So these issues need to be solved by the client. After getting a response, everything will be updated into ASC software.

1.2.2. Benefits to the Student

In my journey of 4 months with Data Path Ltd. I have gathered so much knowledge, I have learned new things which I never had any idea about. It also helped me to shape and made me ready to enter the corporate world after officially completing my graduation. Some knowledge I gathered from Data Path Ltd. are discussed below:

- **Corporate Knowledge**

Before joining here I had no idea there is a whole industry related to RPF of the USA. And that too is outsourced In Bangladesh. I had no idea regarding USA RPF. After doing my internship here in Data Path Ltd. I would say it helped to gain a strong corporate knowledge regarding RPF industries. Specifically, how this type of work can be outsourced in other countries. It broadened my knowledge regarding outsourcing. The experience helped me to build a strong professional profile. Most importantly I have learned how the accounting procedures of USA RPF works.

- **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 was my first corporate experience, I did not have much experience regarding corporate behavior. But after joining here I have learned a lot in a very short time. For example: how to talk with my seniors or juniors, how to complain or give a proposal in the correct manner, or even very simple things like how to arrange the data in my PC in such ways that it can be navigated easily, etc.

- **Time Management**

In the RPF industry, there are 2 deadlines. The 3 months before these 3 deadlines are called by the company “Busy Season”. During these 6 months of the busy season, all the employees had to work under immense pressure. And had to submit their work before the deadline. However, in our case, as we were just training and were given prior completed tasks, we did not have such a deadline. But our trainers used to give us deadlines for all the work, so we know how to manage our time, set our priorities, and submit the works within the deadline. Moreover, the regular office time also helped me to manage my time and set my priorities. After coming back to my home from the office I had only a few free hours on my hand. I had to set my priorities for what I wanted to do in my free time and had to do those within those few hours.

- **Professionalism**

In the time of these four months of internship, I have met a lot of different people. We were a big internship batch consisting of 10 interns. All from diverse backgrounds. I learned the difference between friends and colleagues. The internship taught me how to talk, think or even professionally send email communications.

- **Improved Personal skills**

The internship experience has developed me in a lot of ways. It has helped me to build some real reliable professional skills like MS Office, how to extract related data from a huge library of raw data, it helped to learn about data securities and privacy, the ways I can protect my data privacy. They also developed me personally. Especially my decision-making skills. The experience taught me to see through a complex situation and focus on what is important and make the correct decision.

- **Confidence about Responsibilities**

Before joining this internship, I was struggling with my self-confidence. I wasn't so sure that I was ready for this corporate world or do I have it in myself. Fortunately, Data-Path Ltd.'s environment was very friendly, and they accepted it positively. Which in turn helped me to build my self-confidence. I have also met a lot of new people. These sudden new connections also helped to boost my self-confidence.

- **Communication**

In the time these four months of internship, I have met a lot of new people and made new connections. Data-Path Ltd. has a very friendly environment. On my first day of internship, they were introduced to a lot of people in the office. Moreover, during our training sessions, there were a lot of trainers who used to train us. So, over the training period, I have met a lot of trainers. Also, we were a big internship batch consisting of 14 interns. These enormous numbers of new connections and daily conversations with them helped me to develop my communication skills.

- **More Proficient in MS EXCEL**

One thing about Data-Path Ltd. is they use Microsoft Excel extensively. They make all their employees learn MS excel thoroughly. During these 4 months of internship, I have used MS excel so much that I have become professional. Now I know all the keyboard shortcuts of Excel. And can work In MS Excel very fast without even using the mouse.

- **Being more Careful and Sincere**

As the RPF industry works with very sensitive information which is strictly audited by the IRS, thus any mistake can cost a lot. Moreover, there is also a huge concern about the leakage of confidential information. So, we had to be careful when working. Especially with privacy. There were a couple of training sessions only to learn about data privacy and how to protect it. There was a rule if I was not around my desk even for only a minute I was told to always lock the PC before going. These taught me to be more careful and sincere.

Chapter 02: Origin of the Report

2.1. Objectives of the Study

Specific Objectives:

The specific goal of this report is to explore how the accounting procedures of record-keeping for the Retirement Provident Fund of the USA differ from Bangladesh. An outsourcing company like Data-Path Ltd. is doing it in Bangladesh and identifying the various ideas about the American retirement benefit plan, accumulating information, and executing these plans to raise our retirement benefits area in Bangladesh.

Broad Objectives

The broad objectives of the report are given below:

- To explore the Retirement Provident Fund Industry of the USA.
- The procedures to record keep Retirement Provident Funds of the USA.
- To know about the government rules and regulations and the transparency of the Retirement Provident Plans
- To get a clear picture of the American and Bangladeshi retirement plan industries.
- To understand whether it is appropriate in Bangladesh, as well as any potential benefits and drawbacks.

2.2. Significance of the Study:

To benefit the elderly people of Bangladesh, the retirement benefits system should be reformed for both the private and public sectors. Though the public sectors have pension systems, however, they are not well organized and full of corruption. Some private sectors do not provide any retirement benefits to their employees. Government has rules and regulations. However, they are not up to the mark, not well organized, and most importantly not up to the time. Even the general people do not know much about their retirement benefit rights. There is a huge lack of awareness. The regulatory body in charge of protecting employees' retirement benefits is not taking enough necessary steps. In their private sectors, there are no defined types of retirement benefit plans. Even if there are retirement benefits plans in some organizations, however, there is a lot of discrimination involved between the compensated employees and non-highly compensated employees. There is no rules & regulation in the country regarding the discrimination between employees in retirement benefit plans in the country. On the other hand, The US government is worried about the rights of retired people & securing them economically. They have strong rules and regulations regarding retirement benefit systems. Though they are very difficult to understand, they are maintained strictly. Moreover, they have strict policies regarding discrimination in retirement benefit plans. Even most of the USA companies try to adopt retirement benefit plans to gain Tax advantages and attract employees and motivate them. I think this study will help a lot to understand the USA retirement benefits plan like Retirement Provident Fund (RPF). To understand the US government's rules and regulations and maintain them. It will give us a comparison between Bangladesh and the USA's retirement benefits system. And will help us to understand the scopes that we can change to develop the retirement benefits system in Bangladesh.

2.3. Methodology of the Study:

This report took three months to research. This research was descriptive. As a result, this research incorporates both primary and secondary data sources. The information was obtained using a mixed technique approach. Furthermore, secondary material was gathered from reliable online and book sources. All the data collected for this report are shown in two categories –

Primary Data

- Thorough discussion and interview with the manager and other senior employees
- Direct observations played a huge role in preparing this report.
- Self-work experience from Data Path Ltd.

Secondary Data

- Information from Data-Path Database
- Training on theoretical and practical work
- Some relevant internship reports were provided by the supervisor.

2.3.2. Sampling Technique or Procedure

The Internal Revenue Service & Department of Labor rules are the essential wellsprings of optional information. The ASPPA American Society of Pension Professionals and Actuaries indexes, distributions, and manuals are one more wellspring of data. The meetings with the ASPPA experts yielded various data. The internet-based CD on the ERISA Employee Retirement Income Security Act retirement benefit plan. The IRS impediments might be found on the IRS site. The different lists depend on the ASPPA distribution council's average cost for basic items changes (COLA)

2.3.3. Scope:

Area

Data Path is a BPO organization. Its BPO select market focus on the USA (k) industry. So, the report covers *"Comparative Study on Retirement Plan between Bangladesh and the United States of America (USA)"*

Time

I joined in as an intern in Data-Path on 1st October 2021. It is four months internship program. I was appointed to work in the accounting department.

2.4. Findings of the Study:

I think my report will illustrate a crystal clear picture of *"Comparative Study on Retirement Plan between Bangladesh and the United States of America (USA)"*

Before I start my finding and analysis, I would like to say that I was in the Accounting department. This department is divided into many teams. I was on the APCI team. This team does the retirement benefit plan process for a TPA company called APCI. Thus, the team is named after the TPA company. The company uses software called “Unify” for its retirement plan process. So, we must use this software as well. And in almost all the steps of the retirement plan process, I had to use this software.

2.5. Challenges

Data Path Ltd. is undoubtedly a successful company. Through this study, I have gathered some practical knowledge about the company's activities of Data Path Ltd. in Bangladesh and other relevant matters.

Time Imperative:

This time is an especially confined period for now and fathoms the USA 401(K) industry also, its action. For this time limit, numerous things couldn't be revealed in this report.

Mystery of Information:

Each association has its specific secret that is not uncovered with others. Information is accumulated through examining the work power any way they are not permitted to uncover a lot of information considering secret

Misconception:

People have a misconception about Data Path Ltd. some people think Data Path Ltd. is a data entry company, some people think that is a foreign call center. So, Data Path Ltd. management also employees are needs to be more conscious about this matter.

Need Proper Publicity:

Data Path Ltd. works for America, so they don't try to promote themselves in channels. That's why people don't know anything about Data Path Ltd. People have the wrong conception about Data Path Ltd.

Communication through Skype & Teams

People at Data Path Ltd. communicate with each other through Skype instead of going to them directly, and the communication with the clients on the US side is mostly taking place via Microsoft Teams. At first, it felt like a hassle to find everyone on Skype and communicate with them there for everything. However, it is also a good way to improve communication skills in times like this where communication is not only about talking with people face to face.

Chapter 03: Organizational Background and Industry Perspective

3.1. A brief Introduction of the Organization

This internship report is related to the outsourcing industry that outsources USA Retirement Provident Fund (RPF) accounting procedures to Bangladesh. However, it is important to know how this RPF benefits the retired employees of the USA as per the USA government policy. For the physical, mental, and monetary betterment of employees that are working in the USA and their families, the employers of different US companies offer many different types of advantages to them. This also helps employers to attract individual talents to their companies. Examples of these types of advantages can be a benefit and life coverage, excursion time, handicap pay and retirement provident plans, etc. There is generally a bad tendency in USA citizens they do not like to save money. They usually like to spend most of their earnings. Thus, these advantages are usually given to the employees so that this can work as a shield when there are any unfavorable catastrophic circumstances. Moreover, these types of advantages can also boost the motivation and confidence of the employees.

The USA RPF industry has strong rules regulations and guidelines developed by the IRS and ERISA act. There are also many strong privacy ACTs. And big RPF plans are audited every year by the CPA firms. The companies that work in this RPF industry are known as TPA companies. They do RPF processes like developing strategies for RPF plans to their accounting procedures. Now there is a huge amount of data and workforce in this industry. Moreover, the work processes in this industry are usually very complex. Thus, the average pay in the TPA industry is very high. Thus, many TPA industries are now outsourcing their work processes to third-world countries like Bangladesh.

3.2. Overview of the Company:

Data-Path Ltd is one of the first registered outsourcing companies in Bangladesh and July Business Services is a USA TPA company in the mother company of Datapath Ltd. The actual owners of Data-Path Ltd. are John Humphrey & Jim Hudson. July Business Services is a leading business organization among the TPA companies and provides retirement plan services & other administrative plan services to clients.

July business services offer their client services like retirement services plan, administration, record keeping, etc. It was founded in 1994. Currently, it is operating all over the USA and has approximately 94464 clients. The current net worth asset of July business service is 5 billion US dollars.

Data-Path Ltd. first started its journey in Bangladesh back in 2006 in Uttara, Dhaka. At first, they started with only 6 highly talented personnel to build the foundation of the company. Later on, when the company grew to 50 employees the company shifted to Gulshan. By that time July Business services was downsizing their employees and was doing most of their work through Data-Path Ltd. Ltd. From 2015 the company started its rapid growth because of the Business Process Outsourcing Department. Many other USA TPA firms in the USA saw this outsourcing process as an opportunity just like July Business Services did. However, despite creating their own office they started to outsource their business processes through Data-Path Ltd. Ltd. As well. Currently, Data-path is working for 17 other TPA firm clients and has more than 200 employees and moved their office location to Mohakhali.

3.3. Organizational Background and Industry Perspective:

3.3.1. Historical Background of the Organization

July Business Services start operations in 1995, with no clients and a small professional office suite. During the early years, management worked to develop strategic business partnerships, hire key employees, and create business processes and procedures. The firm's marketing efforts resulted in important referral relationships, including investment advisors, mutual fund companies, banks, and brokerage firms. These relationships helped to create modest growth over the first several years. By the end of 1996, July had more than 250 retirement plan clients and 5 employees.

Data-path Limited is a registered outsourcing company owned by Jim Hudson and John Humphrey. July Business Services is the mother company of Data-path Ltd. July Business Services is a professional services firm committed to delivering focused retirement plans and other administrative services to business clients. It works closely with employers and financial partners to build customized services to meet their unique goals. Its consultants provide hands-on solutions for plan implementation and ongoing plan operation. It has many years of industry experience with clients ranging from small, closely-held businesses to large corporations competing in the global economy. July Business Services is one of the leading names in the retirement plan industry in the U.S.A. Data-path Limited started their company in 2005 with a small office at Uttara, with very limited operations on an experimental basis. In the starting, it was providing supportive operations for July. In the starting days, it worked to hire talented employees who could understand the work with a total number of six employees. Later, in 2011, Data Path moved to Gulshan as it grew in numbers to 30 employees. In 2016 Data Path was growing fast, had to increase tons of people, and moved to Mohakhali on a 15000 square feet floor because more Third-Party Administrators wanted to outsource their business process to Data-Path, as they are now experts in their industry. Now Data Path has ten clients other than July Business Services. I was blessed to work in the accounting department. It allowed me to know the industry more closely. It allowed knowing about July Business Services more closely. I got the opportunity to know how the work procedures may differ from TPA client to client. I believe that these experiences will help me a lot to make this report.

3.3.2. Vision

“Is to become the best Retirement Plan Administrator in the USA”

3.3.3. Mission

“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.”

3.3.4. Objective

- The present objective is to increase the number of retirement plans done from 10000 to 15000 per year basis within 2023.
- Buy retirement plan software's like DATAIR, ASC, RELIUS, etc. at present Data-Path Ltd. use this software's from remotes PCs situated in the USA TPA client's office. However, working in this manner consumes a lot of time and decreases the productivity of the company. Thus, Data-Path Ltd. is now thinking of buying its software within 2023.

3.3.5. Logo



3.3.6. Core Values:

Organization values are a bunch of core values and center thoughts that empower a gathering of people to function collectively and accomplish a shared objective. The basic beliefs of Data-Path Ltd. Are given below:

- Positive Attitude
- Embrace New Ideas
- Creative solution
- Celebrate success
- Commitment to people

- Teamwork
- Technical competence
- Result oriented
- Accountability
- Effective communication

3.3.7. Founding Partners:

The owners of July business services Jim Hudson and John Humphrey are also the co-founders/ chairman of datapath Ltd. Mr. Ashfaqur Rahman is CEO of the company.

3.3.8. Strategic Partners:

The strategic partners of July Business services are also the strategic partners of Data-Path Ltd. July Business Services has developed many strategic partners over the years so that they can offer more comprehensive retirement plan services for its clients and the participants of those plans.

▪ **Record Keepers:** Record Keepers (RK) are the companies who keep all the balance amounts of a retirement plan and keep track of them. They have to keep the money to a Record keeper company. Here the record keeper companies kind of work like a bank, but they are specialized in RPF plans. July business services have strategic relationships with many RKs like MassMutual, Principal, John Hancock, American Funds, etc. These RK firms benefit Data-Path Ltd. By providing their year-to-date RK statement, Loan statements, and many other statements. Without these statements, preparing accounting statements for the RPS plan is kind of impossible.

▪ **TPA Firms:** July Business Services was the first TPA in the USA to outsource their business process to other countries. And they were very successful in it. After seeing their success in outsourcing, other TPA firms wanted to outsource their business process as well. July Business Services offered them that Data-Path has many qualified employees and Data-Path is qualified to do their work as well. Now Data-Path Ltd. has 17 other TPA clients who are outsourcing most of their business processes through Data-Path Ltd.

3.4. Organizational Structure

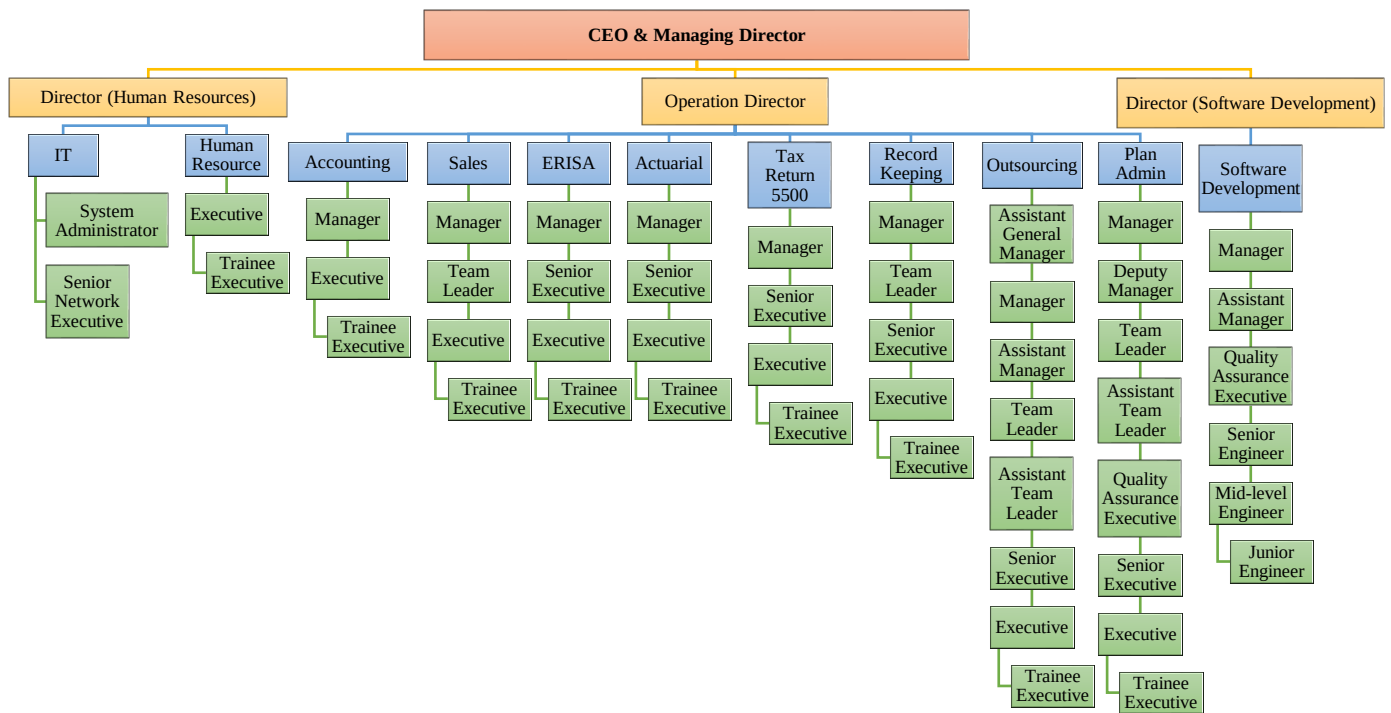


Figure 1: Organization Structure

3.4.3. Service Mix:

Data-Path Ltd. Offers many different types of services to July Business Services and other clients. The services are given below:

Plan Design: Before starting any new RPF plan first it needs to be designed. Many factors, laws, rules, and regulations have to be kept in mind while designing an RPF plan. For example: designing the plan in such a way that it does not fail any discrimination tests, the benefits the owners most but does not discriminate against the normal employees, what types of contribution there will be in the plan, what types of employees will be excluded from the plan

Plan Setup: For new and running both RPF plans many types of paper works need to be done before assessing a year's Plan statements. This process is called plan setup. Some steps of the plan set up processes are given below:

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

Plan Operation: In this step, the Data-Path performs all the plan's estimates, calculations, and accounting procedures. This includes email correspondence with clients. Some processes of this stem are given below:

- Census import
- Census Checking
- Eligibility calculation
- Vesting calculation
- Contribution calculation
- Contribution allocation
- Contribution reconciliation
- Loan reconciliation

- Ending Balance reconciliation
- Asset reconciliation

Compliance Testing: Many different sorts of discriminatory tests must be passed for the plan to be legally valid. The company performs a variety of tests on the plan during the stage of service to see if it passes or fails the tests. In the step of service, the company conducts many different types of tests on the plan to check if the plan passes the tests or not. Name of some tests are given below:

- ADP ACP Testing
- Top Heavy Testing
- General Nondiscrimination Testing
- Minimum Coverage Testing

Tax Compliance: To comply with the US tax laws some statements are needed to be prepared. Some of them are given below:

- Form 1099-R and Form 950
- Form 5310
- Form 5200
- Form 5130 (Plan Termination)

Investment Advice: The money in an RPF plan does not merely sit in the bank of the record keeper. It is frequently invested for the participants to profit financially by another custodian. Data-Path Ltd. also serves as an investment advisor, advising clients on where their money should be invested.

Participant services: Through its alliance partnerships with financial providers, July makes available high-quality tools for participants to plan for and achieve a secure financial future.

Payroll Services: A single provider for retirement and payroll services reduces clients' workload and increases accuracy and efficiency, July service guarantees are some of the strongest in the industry, but our goal is to process your payroll error-free every time.

3.5. Some High Valuable Software I use in Data Path Ltd:

In the time of this Internship period, I learned & process my all work in this software

- ❖ **Unify:** We use Unify for Plan information Extraction. We also review the agreement and disclosure. Here is an example of unified Software.

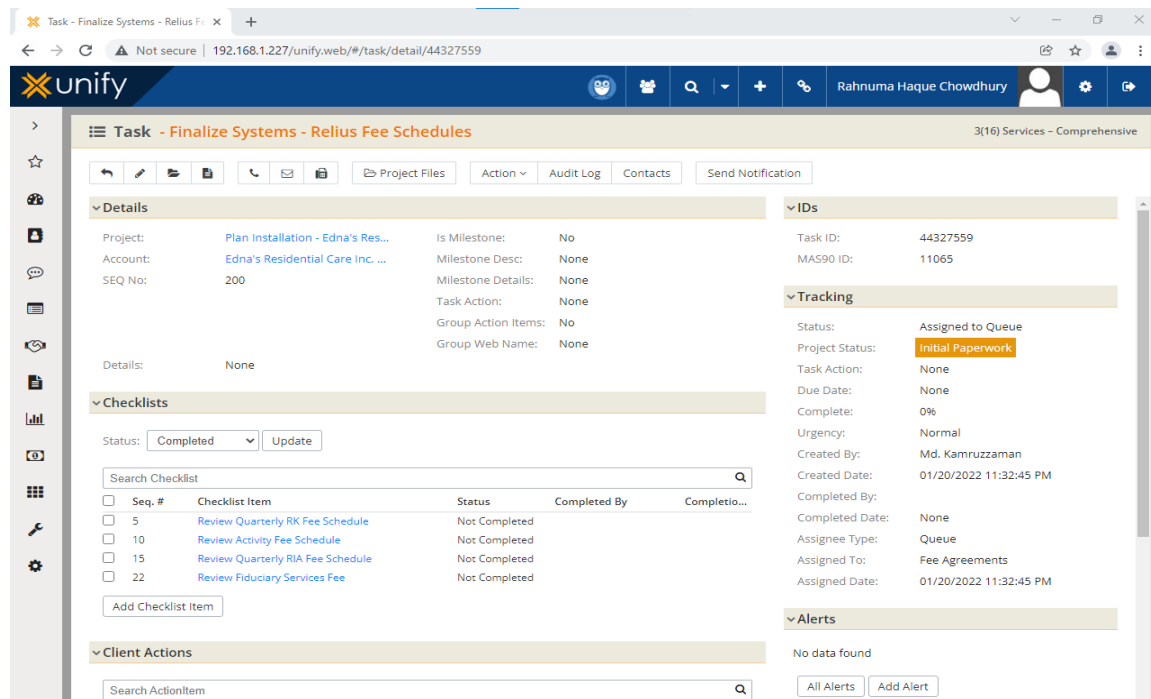


Figure 2: Unify

- ❖ **Relius Software:** Relius is a Processing Software for Data Path Ltd. It is paid software. It works for posting the Funds, Assets, Money of the participant. We mainly use it for posting purposes in our department. It is a very sensitive software so we have to be more careful when we use it.

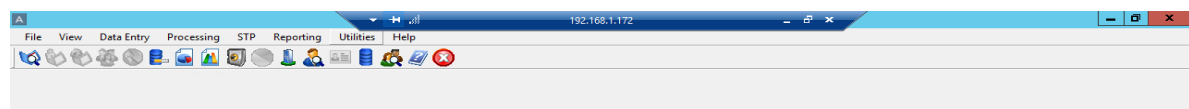


Figure 3: Relius

- ❖ **SAGE 100 Software:** Sage software is accounting software. It is an outsider paid software for Data Path. This is used by our actuarial team, accounting team, 5500 workflow team. This software does the accounting-related work for Plan Sponsor, Client, and Participant. We do invoice, cash deposit work in there, mainly we do work for account receivable of July Service in there. Sage related example-

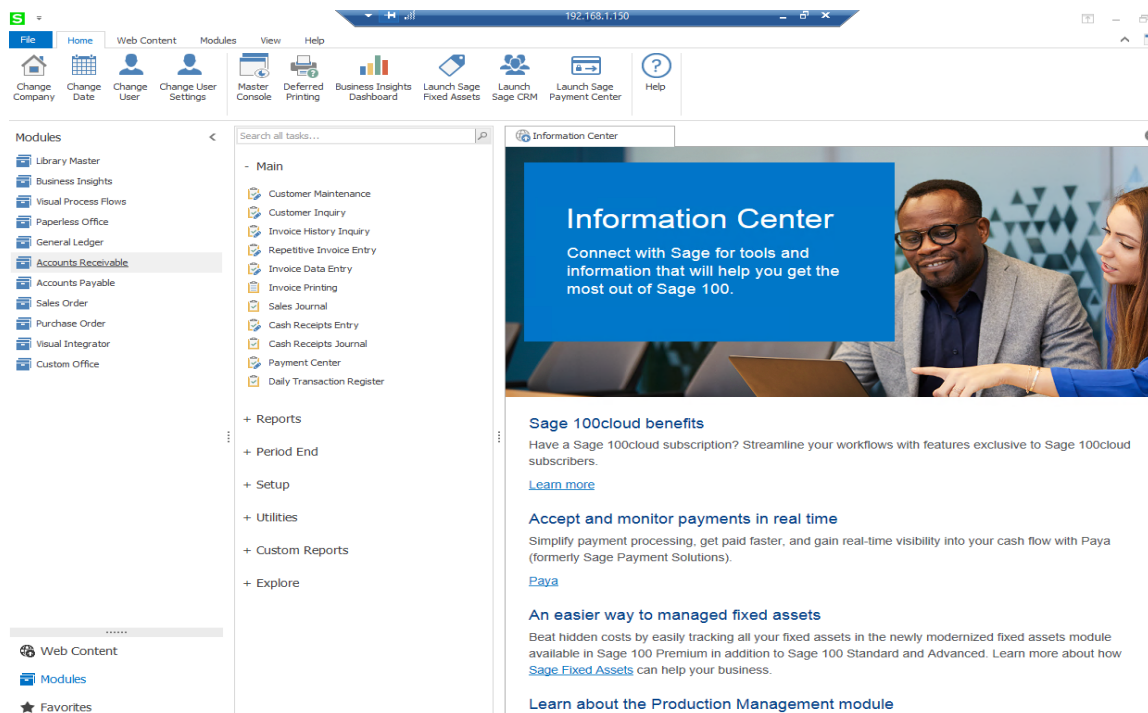


Figure 4: Sage

3.5.1. My Learning Activities Using this Software during My Internship Period

- Agreement review
- Disclosure review
- Daily Deposit entry
- Cash Receipt entry
- Reconciliation
- Customer inquiry
- Bill posting
- Expand Repaper update
- Invoice entry
- True Up

3.6. Industry Analysis

3.6.1. Outsourcing:

Outsourcing is a business model in which a corporation outsources all or part of its operations to a third-party provider. This reduces the cost of outsourcing a company's process and increases the company's overall productivity. Data-Path is a corporation that specializes in outsourcing. TPA is a tough business in the United States. They typically need to hire highly qualified people because of the complexity of the work. They must pay them an average of \$10,000 per month. That's enormous. As a result, several American businesses are now outsourcing their operations to countries in the developing world. Where they may hire ten people for the same salary as one person in the United States

3.6.2. Size, trend, and maturity of the industry:

The outsourcing sector is an extensive one. Above all, the industry is simply increasing rapidly. There are numerous potentials for outsourcing companies, especially in emerging countries like Bangladesh. TPA is a multibillion-dollar business in the United States. They didn't use to outsource their business processes too significantly in the past. The current tendency, however, is different. They're now laying off staff in the United States and outsourcing their operations.

3.6.3. Industry Specification:

Data-path is a BPO company which means it falls under the outsourcing industry. In outsourcing business normally company gives all the necessary assistance to the mother company, but they receive fewer wages than the actual mother company salary range. Data-path gives all sorts of financial consultancy to July services and maintains necessary tracks and reports of their work. Now I am going to discuss different factors of the outsourcing industry

❖ **Technological Factors**

When Data-Path Ltd. first began, they just purchased and utilized the most frequently used software in the RPF sector. Now, in the RPF sector, each TPA customer operates uniquely and employs a variety of software. It was tough at first because Data-Path not only worked for July Business Services but also 17 other TPA clients. However, over time, they have been able to train their people on a variety of industrial software. Furthermore, Data-Path Ltd. is presently working on some of its software. They intend to develop for their usage as well as to sell in the RPF sector in the United States.

❖ **Barriers to Entry**

Entering this sphere of work is not simple, but it is difficult. First and importantly, many technically proficient personnel are required, as just a small number of people in this country are familiar with RPF. As a result, further training is required. Furthermore, establishing an IT-based company requires a significant amount of capital. Most essential, for this form of outsourced industry to succeed, trust is required. Because the RPF sector deals with very sensitive information about US people, they are hesitant to entrust their sensitive data to other outsourcing companies.

❖ **Buyer and Supplier Power:**

The buyer and supplier relationship is not that much able to see in the outsourcing industry. Here we can assume that the TPA firms are buyers, and the supplier is Data-Path Ltd. Usually, the relation is like the TPA firms giving RPF plans to Data-Path Ltd. To complete all the processes within a given amount of time. The amount of the RPF plan usually decides the pay. As the TPA industry is an excessively big industry the pay is usually incredibly good. For example, for preparing one Form 5500 they pay 250\$ each. Now, Data-Path usually does more than 100 Form 5500 on average regularly.

❖ **Threat of Substitutes**

What I have found in my studies is that as there are more and more students in Bangladesh who are interested to work in tech base companies and they are engaging in different skill-developing activities day by day, soon enough we can see that there will be more and more prominent outsourcing company of Bangladesh will lead the whole market of outsourcing in the world. So, I would say that the threat of substitutes is getting higher in this industry. So, if anyone wants to enter this sector, they need to keep things in mind that they must be exceptionally good to be relevant in this market.

❖ **The rivalry between Companies:**

I would say that in every industry there will be rivalry and that's how any normal business industry runs. Again, I would like to say that in the financial outsourcing sector of Bangladesh there is not much of a company that is dealing with this kind of business operation. So, it is safe to say that the rivalry between companies regarding financial outsourcing is not that high in the Bangladeshi industry right now.

❖ **External Economic Factors:** In today's world, outsourcing is indeed the new trend for any large, successful company. The outsourcing sector today has a market valuation of billions of dollars. Bangladesh, however, is now lagging in this business. Data-path Ltd., for example, is now establishing itself in this country. Since this company specializes in the TPA industry, which is a large industry in the United States, there is a significant chance that it will attract a hefty portion of foreign money into the country. That is how we can minimize our job scarcity in our country, and it can make a huge impact on our economy.

3.7. SWOT Analysis

Strengths	Weaknesses
● Secured software & IT-based service. ● Practically No cutthroat competition on the lookout ● Offering a lower cost than other outsiders in the USA. ● Feasible business development in Bangladesh. ● Income increase from remittance for Bangladesh. ● Gained Trust from other TPA's over many years.	● Lack of well-developed software's ● New industry in Bangladesh. ● Workers need to prepare from zero information and now is the ideal time-consuming. ● Weak advertising activities & website.
Opportunities	Threats
● Amazing open doors for new employment. ● Creating scope for the outsourcing industry in Bangladesh. ● Making strategic partnerships with different companies around the world. ● Workflow depends on the US economy.	● Clients are not bound to promissory. ● Have to depend fully on USA third-party companies. ● Some new competitors are arising in the local market ● Not a renowned industry in Bangladesh

Table 1: SWOT

Chapter 04: US Retirement Policy

Every country sustains its retirement benefits policy by its rules and regulations. It differs from country to country. Bangladesh also sustains its rules. Following Data Path I highlight USA retirement policy and find several differences with Bangladesh.

4.1. Types of Retirement Plan in the USA:

In there are only two types of retirement plans in the USA:

1. Welfare Benefit Plan
2. Pension Benefit Plan

And so, Pension Benefit Plans have two other categories too:

1. Defined Benefit Plans
2. Defined Contribution Plans

There are a few highlights of US retirement strategy for which those are so famous and utilized by both government and non-government organizations even in the event of sole ownership

4.2. Defined Benefit Plan

A set benefit guarantees to pay a predetermined advantage at the future retirement age. Ideally, then distinguishing the commitment to be exact into a member's non-public record, these plans portray the amount of retirement remuneration to be paid. The significant degree of benefit has resolved the use of a definition referred to in the chart report. The advantage is typically payable at a specific future time, for example, satisfaction old enough 65 a few plans including offering benefits superimposed the insufficiency or death toll of the member sooner than retirement.

4.3. Defined Contribution Plan

In this plan each participant has his/her account, this is why it is also called an individual account plan. In this plan, a certain amount of money is deposited into the participant account, e.g. participant may contribute 3% of his total compensation and according to that, the plan provides that person similar or a different percentage or a fixed amount of money (\$100) as allocation (American Society of Pension Professionals & Actuaries, 2010).

4.4. Types of Defined Contribution Plans

4.4.1. Profit-Sharing Plan

Through a benefit-sharing arrangement, work force can be compensated with an offer in the business' income, which was once created in the stage because of their endeavors. The office can likewise utilize circumspection over the amount outfitted to the chart at regular intervals and need now not base the commitment on genuine benefits. Likewise, the design doesn't need to country unequivocally what sum will be contributed every year, except it needs to incorporate an exact strategy for dispensing any commitment made to members.

4.4.2. 401(K) Plans

Some types of contributions in 401 (k) plans are:

i. **Catch-Up Contribution**

Catch-up contributions for lost time commitments are strengthening elective deferrals that must be performed by a few more seasoned arrangement members. In arrangement to make up for lost time commitment for a scheduled year, a member prerequisite is at restricted age 50 by the last day of that scheduled year. Make up for lost time commitments have been permitted in the view of changing social times and the developing significance of the business-supported retirement plan leg of the three-legged seat.

ii. **Designated Roth Contribution**

A 401(k) plan might acknowledge assigned Roth commitments. This is another choice representatives can use to put something aside for their retirement. Assigned Roth commitments are assessed elective deferrals however that they are performed toward an after-charge premise to a 401(k) or 403(b) plan. The profit produced by the assigned Roth commitments is tax-exempt when disseminated assuming the conveyance is acquired after that member is age 59½, and five years after the first assigned Roth commitment proceeded added to these 401(k) plans.

iii. **Matching Contribution**

Related to elective deferrals and to urge members to concede at more elevated levels into the 401(k) plan, the business might need to offer matching commitments that match all or part of the worker's pre-charge elective deferrals and assigned Roth commitments.

4.4.3. Stock Plan

i. **Stock Bonus Plan**

A stock reward plan stays a benefit-sharing arrangement that routinely appropriates shares from organization stock while benefits to ended or resigned members. As a benefit-sharing arrangement type, stock extra plans are permitted to have optional commitment equations, and managers have the choice of adding to this type of money or organization stock. At the point when cash commitments in all actuality do provide for this arrangement, they are ordinarily then used to buy organization stock under the arrangement.

ii. **Employee Stock Ownership Plan (ESOP)**

A worker stock proprietorship plan (ESOP) may incorporate any stock reward plan, including a discretionary commitment recipe, or a blend stock reward and cash buy plan, wherein the necessary least financing sum is planned to be added to the type of or used to buy organization stock. Any part of an arrangement, for example, a business corporate security in the 401(k) highlight from a benefit-sharing arrangement, additionally might be assigned as an ESOP.

4.4.4. Safe Harbor 401(k) Plans

A protected harbor 401(k) is equivalent to a conventional 401(k) plan, however, the business is focused on making commitments for each worker. The business commitments in this sort of plan move promptly 100 percent vested. It diminishes authoritative obligations on managers by disposal any of the perplexing duty runs commonly applied to a customary 401(k) plan.

4.5. Basics of Plan Designs

Given the lawful, monetary, bookkeeping, inner asset the executives and assessment suggestions encompassing the organization of a changed retirement program, a business is very much informed to look for the guidance concerning its bookkeeper, lawyer, and retirement plan proficient for help with deciding the sort of qualified arrangement generally fitting to best serve the ventures of the organization likewise its workers. Furthermore, the contribution of any human asset staff ought to be properly thought of. With the esteemed contribution of bookkeepers and lawyers being promptly perceived, the business will acquire retirement plan skills by drawing in a retirement plan proficient whose underlying job is to assist the business with zeroing in on a few useful arrangement plans for its singular circumstance. Through

clarifications of the various kinds of plans utilizing broad information gathering about the business, a retirement plan proficient aides arrangement support through these different variables affecting the choice of a certified arrangement

4.6. Plan Documentations

The primary pivotal strides in a particular technique for plan organization start with planning the right intend to meet the arrangement support's objectives, making the composed arrangement records, and getting the idea rolling or introducing the arrangement. This cycle is basic to building and supporting a certified retirement plan to assist the business' taking an interested worker too on account of the actual business. Time spent here staying away from potential stumbles will proceed with all-around spent. When formalized on paper, what comprises the arrangement archive won't simply fulfill one of the four essential prerequisites for the capability that the arrangement is in composed structure however it will likewise fill in as the foundation reference for future activity and organization

4.7. Basic Plan Document Language

▪ **Compensation**

The meaning of pay is by and large referred to in the addition which incorporates support or allotment areas from a plan record. Remuneration for benefit and commitment works frequently incorporate that entire joy of a member. Notwithstanding, design supports are permitted to incorporate or remove sure parts of pay, like non-required deferrals, and moving expenses so over the top thinking about that outcome is a depiction of charge that doesn't lopsidedly like more generously compensated representatives.

▪ **Eligible Employees**

Recognizing those workers who are permitted to take an interest or are incorporated sticking to the script and the people who are wiped out of inclusion starts with the meaning of representatives and qualified representatives. For instance, the meaning of representative frequently gives that all workers stay able to take part in the arrangement aside from non-inhabitant outsiders with no U.S.

- **Fiscal and Plan Year**

Whether a plan is following the plan year, or the fiscal year is mentioned in the plan document. Different plans follow different plan years like some might follow the calendar year (1/1/2021 to 12/31/2021) as the fiscal year of the plan. Also, employers might adopt the calendar year as the plan year of their retirement plans.

- **Normal Retirement Date and Age**

A few drafters of outline records separate the meanings of the ordinary retirement date and standard retirement age, while others consolidate the two into one definition. The meaning of run-of-the-mill retirement years ordinarily is an interesting age, before-referenced as age 65, or a designated age and term of administration, before-referenced as age 65 and the 5 commemorations from the time the member originally entered that arrangement.

- **Year of Service**

There stay a few regularly utilized meanings of the yr. of administration. The most widely recognized is characterized as a successive year season all through which that work needs to work or is qualified for installment for somewhere around 1,000 hours of administration. To improve vesting estimations and the distribution of commitments the year length will commonly be equivalent to the configuration year, as this guarantees that all members' transporter will be contained over these equivalents a year.

- **Requirement of Eligibility**

Requirements vary plan to plan, however, the standard eligibility requirement is 21 years old, 1 year of service, and entry frequency is dual or semi-annual. Entry requirements can be similar for all types of contributions or separate for each one.

- **Leave of Absence**

The arrangement record ought to be evaluated for definitions concerning a conflict under assistance since it influences qualification and vesting year calculations. The meaning of a one-year contrast in help depends on Internal Revenue Code necessities and typically is a year compared to the arrangement year in which every member doesn't thorough over 500 hours of help. On the off chance that the arrangement estimates administration utilizing passed time, a one-year season of detachment is a year season in which a representative doesn't work.

▪ **Highly Paid Employees**

Highly-paid or compensated employees are those who have ownership in the organization or full-filled previous year's compensation limit:

- Employees have more than 5% ownership of the company.
- Family of the owners (Parents, spouse, children).
- Employees who got more than \$1, 30,000 in the previous year as compensation (ASPPA, 2010).

▪ **Entry Date**

Calculating the entry date of a participant is the most crucial part of the allocation process of a plan. The entry date is the date when an employee gets to start contributing to the plan and employer also contribute for his/her, and s/he is included in all the tests from then.

4.8. Vesting

The vested amount is the amount that the participants are entitled to take with them when they retire or leave the company. There are certain rules for vesting. A participant needs to complete 1 year of service, 1000 hours to be vested for a year, and it has to be continued till s/he is 100% vested. Employees' own money (Deferral, Roth, and Rollover) is always 100% vested in any circumstances, the vesting rules apply to the employer's money. There are 2 types of vesting: Cliff and Graded. The most commonly used vesting rules are 6 year-graded and 3 year-cliff.

4.9. 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:

- ADP test
- ACP test
- Top Heavy Test
- Ratio Percentage Test
- IRC Coverage Test

- Gateway test, etc.
- APBT test for New Comp

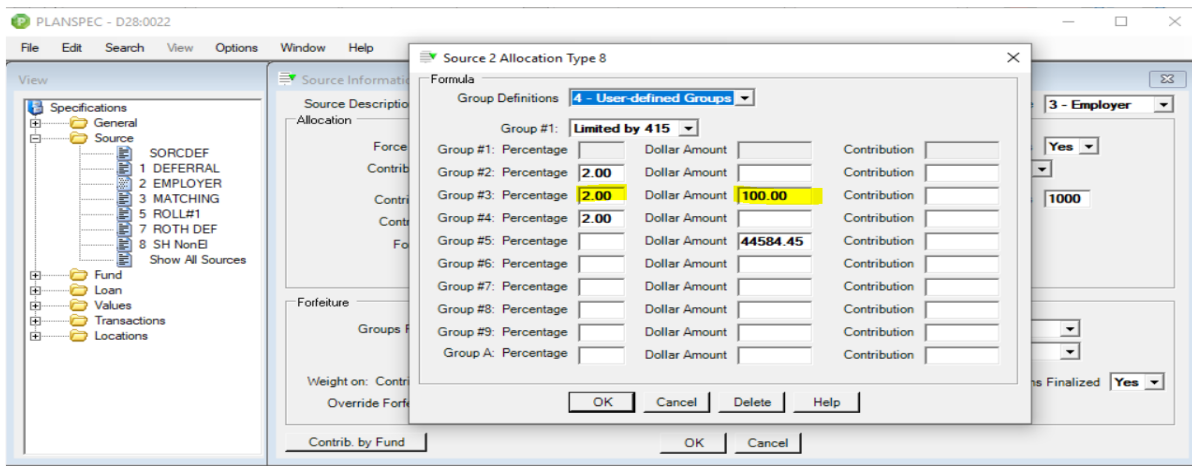


Figure 5: ACP Test

Not all tests are required for every plan. The tests are required to calculate in MS excel first, then these have to run on the software to see whether the test results are correct or not.

4.10. Allocation

Allocation is the yearly plan which is made by a Third-Party Administrator (TPA) for a retirement plan client. Remembering every one of the guidelines above Data-way and July Services does the allotment. This undertaking comprises an assortment of reports containing the accompanying:

- *Registration Reports:* The evaluation reports give subtleties on every worker and show their status for qualification in the arrangement, plan section days, times of administration for vesting, pay, and other significant data.
- *Commitment Report:* The commitment report gives subtleties of the sums contributed by and designated to every one of the qualified arrangement members.
- *Outline of Accounts:* This report shows a decrease in these exhibitions of every one of the member's retirements represents the year. This synopsis incorporates commitments, dispersions, moves among speculations, and venture income and misfortunes.
- *Trust Accounting:* This report shows an arrangement level synopsis of the exchanges for the arrangement as a blend.
- *Consistence Tests:* This report additionally contains a few significant tests that record the arrangement's consistency with specific IRS Regulations. Plans should breeze through these assessments to hold their expense leaned toward status.
- *Assignment Letter:* This letter is shipped off the client contains the consequence of the relative multitude of reports. Here the commitment directions are made to teach the client regarding what genuine sum the member is getting.

Chapter 05: Bangladesh's Retirement Policy

Bangladesh government presented the pension rules in 1972 interestingly. At first, the pension depended on the most recent three years' normal. Later, in 1974 pension was paid based on a specific percent of last compensation drawn rather than a year's normal compensation. The greatest pension sum was 60% of the last installment. New pension rules were presented in 1977 as an amendment to the family benefits and tip, and the most extreme annuity sum was set at 80% of the fundamental compensation drawn under these principles. At last, in 1994, the public authority smoothed out the regulations and guidelines overseeing the endorsement of government employee's pension (Alam, 2018). Bangladesh governmental assistant is provided a pension upon departure from public service. In Bangladesh, the government's dependents were assigned a cost. However, various independent organizations, including universities, nationalized organizations, banks, and other financial institutions, have implemented the pension scheme in recent years. Government employees receive a pension from the administration, although self-governing organization directors receive a pension from their appointing authorities. But nowadays in the reality of numerous impartial associations primarily colleges, nationalized organizations, banks, and so on the benefits device has been presented. The public authority workers acquire their annuity from the organization and heads of self-administering parties take the benefits of their delegating authority.

5.1. Types of Pensions

5.1.1. Compensation pension

That pension is contributed to the directors who have bombed positions because of the reality of the annihilation of their posts in scaling back certain offices or organizations with the guide of the public authority to keep up with sure in the monetary region. An administration worker can require pay benefits for his/her previous co-activity. He is each picked in another post or appointed to various enterprises. The methodology in carrying out this annuity incorporates serving a rundown of the officials bombing their positions at the littlest cost of this administration.

5.1.2. Invalid Pension

Assuming an administrator improves void for all time, truly and intellectually, in such a case, the public authority grants him/her irrational benefits. As per Bangladesh administration rules assuming a business practice at some stage in strange benefits is accomplishing 57 years of period later top of the office will assemble the discipline for the annuity on the grounds of that clinical testament for each refutation of a person worker.

5.1.3. Superannuation Pension

Superannuation benefits take region for the span of local official isolates vitally at a particular age fixed by utilizing the public authority. In this association, the length has been steady in the Public Service Act 1974. Thusly, a specialist isolates from putting after finishing 57 years of life. Recently, the specialists have persevered through this retirement presence for judges and public school educators to 65 years.

5.1.4. Retiring Pension

As per the law concerning the country, the public authority may, if that thinks about gigantic in every open leisure activity so to do, resign from putting a community worker whenever after he has performed 25 years of transporter notwithstanding indicating any reason. Yet, any exceptional selecting authority is presently not approved to utilize this power. Assuming any sub-ordinate selecting authority looks for that a specialist utilized through it should disappear following 25 years of administration, all things considered, this authority will prescribe to that stressed service to that outcome.

5.1.5. Optional Pension

A local official has altogether right to choose to resign from the supplier at any second after he has completed 25 years of the supplier against the main situation that he will need to supply an assertion in comparing to the delegating authority somewhere around 30 days sooner to the date of his normal retirement. For this situation, the specialists are required to gather the decision and have no jail extension to overlook.

5.1.6. Family Pension

Each benefit is deducted to the family of recipients on his/her death toll and that is known as a family annuity. In the example of family benefits, a community work while holding up in supplier whenever from that point may likewise indicate at least one segment of his/her family as a replacement for the thorough or the component of his/her family annuity. In any case, in the insufficiency of assignment and assuming the spouse of the left beneficiary or any individual from the family is not generally ready, all things considered, his/her last overseeing authority will conclude the trade for offering family annuity and lagniappe. Notwithstanding, notice is conveyed here that the orders for family benefits are gathered for a long time determined. The above types of pensions and retirement benefits are only for government employees, which is also not so organized and well regulated. On the other hand, there is nothing set for the private sector's employees by the government.

5.2. Retirement Benefits Not Entitled in Certain Cases:

As per the Public Servants Retirement Act of 1974, a local official is anyone who works for the Republic yet doesn't:

- ❖ Is an individual from the military
- ❖ Is a college teacher or representative
- ❖ Is an individual from or works for a commission, council, or Board that has been made for a particular reason for a restricted period.
- ❖ Works as an unforeseen or work-charged representative in the state-possessed assembling business.
- ❖ Holds any office whose residency is fixed by or under regulation, and f. holds any post that is filled by political decision or selection in congruity with any regulation.

5.3. Pension in Private Sector:

Individuals who work for the public authority, or a city government are exclusively qualified for annuity and retirement benefits. Along these lines, there is no arrangement for those working in the farming and modern areas to get an annuity. Traveler laborers are likewise unfit for annuities. As per the latest accessible information, the horticulture business utilizes north of 20 million individuals, representing generally 50% of the country's whole labor force. As recently expressed, this area represents around 40% of generally speaking GDP. Disregarding its scale, the agrarian business misses the mark on the retirement and annuity framework. Bangladesh has no plan for horticultural workers' retirement and annuities. Subsequently, these laborers are unfit for retirement and annuity benefits during the period in which they lose their working and acquiring limit.

Because of industry, north of 18 million individuals works in the area, representing around 48% of all-out work in the country. Bangladesh's modern area contributes around 26% of the nation's absolute GDP. The business area developed at a speed of almost 10% in 2002-2003, which was more noteworthy than the horticulture area's 4.11 percent development rate. Each of the nation's businesses, including enterprises and different associations, are remembered for the modern area. At the point when these laborers resign, they are not permitted to an annuity and on second thought get just an unassuming tip. Other retirement benefits are not accessible to them.

Because of an absence of work and more significant pay Laborers in the country are moving to different nations looking for better compensation and open doors. Around 3.28 million Bangladeshis migrated for abroad positions somewhere in the range of 1999 and 2002, with settlements to Bangladesh adding up to generally US\$ 23.6 billion during that time. Notwithstanding the useful advantages of traveler laborers' settlements on the economy, they are unfit for an annuity upon bringing home. The present situation makes it hard for them to reintegrate into society, and they become defenseless as they age.

5.3.1. Data Path Retirement Policy

Provident Fund

Each worker of the organization to whom these Rules apply will be qualified to turn into an individual from the Data Path Limited Employees' Provident Fund from the date of his affirmation or section in the administrations of the organization as an affirmed representative and will consent to be limited by the Rules of the Fund. Information Path adds to your Provident Fund by matching the sum deducted from your pay.

Gratuity

A gratuity might be allowed at the watchfulness of the Board of Directors to a representative of the Company qualified to get Gratuity on his stopping to be in the administrations of the Company subject to satisfaction of the circumstances won hereunder. The qualification of Gratuity to a representative in any case qualified for it according to Gratuity Rules of the Company will the observe:

Standards:

For the initial 5 (five) years' administration in Data Path Ltd. 1 (one) month's essential compensation for each finished year of administration on the last fundamental compensation.

Chapter 06: Comparative Analysis

Like any other developing country, Bangladesh is struggling with offering support to her old citizens, and it is going to be a big issue soon. Only government personnel in Bangladesh are eligible for retirement benefits. According to the finance ministry's data, 7.53 lakh persons are eligible for pensions in the current fiscal year. A total of 1.15 crore people would receive monetary assistance through various safety net programs. According to the budget papers for fiscal 2016-17, there is no pension or gratuity system for more than 87 percent of the employed population (Sarker, 2021). As older people are less considered for studies based on economy other factors related to social development. However, a few years from today, Bangladesh is going to face drastic retirement issues. The elderly will see their talents deteriorate as the retirement process progresses. On top of that, the ongoing COVID situation is going to have a drastic impact on retirees now and in the future. Bangladesh government is not regulating the retirement system which is resulting in an unstructured situation in protecting the rights of the employee. Even in the public sector, the pension system government is following is not that up to date. The employees are unaware of the retirement benefits available to them. Of course, certain government organizations are in charge of the welfare of the employees. However, they are seemingly failing their duties due to a lack of planning and reinforcement. Bangladeshi private sector employees are getting retirement benefits that are not structured and regulated by the government. Moreover, the organizations who are providing retirement benefits (provident fund) for their employees are not considerate about any kind of discrimination between employees who are getting more payment and facilities rather than the employees who are not.

On the other hand, employees' rights to get retirement benefits is a true concern for the US government. The US government is giving tax benefits to organizations that have retirement plans for their employees. However, the process followed by the US organizations to fulfill the government regulations for their retirement plans is quite complicated. The United States has the world's largest retirement market, it held assets of \$26 trillion in retirement-related accounts such as public & private DC & DB plans, IRAs, & annuities (Congruent Solutions, 2020). These accounts provide more than \$430 billion in revenue for retirement record-keepers, asset managers, wealth managers, annuity writers, and life insurers (Congruent Solutions, 2020). Generations of Americans have benefited from the United States retirement system, which has provided appropriate retirement resources. According to studies that look at consumption,

income, and wealth, households maintain their level of life throughout retirement. Pensioners appear in a better position than other segments of the population based on some criteria: in 2011 lower percentage of those aged 65 and over (9%) lived in extreme poverty than those aged 18-64 (14%) or those aged less than 18, (18%) (Investment Company Institute, 2012).

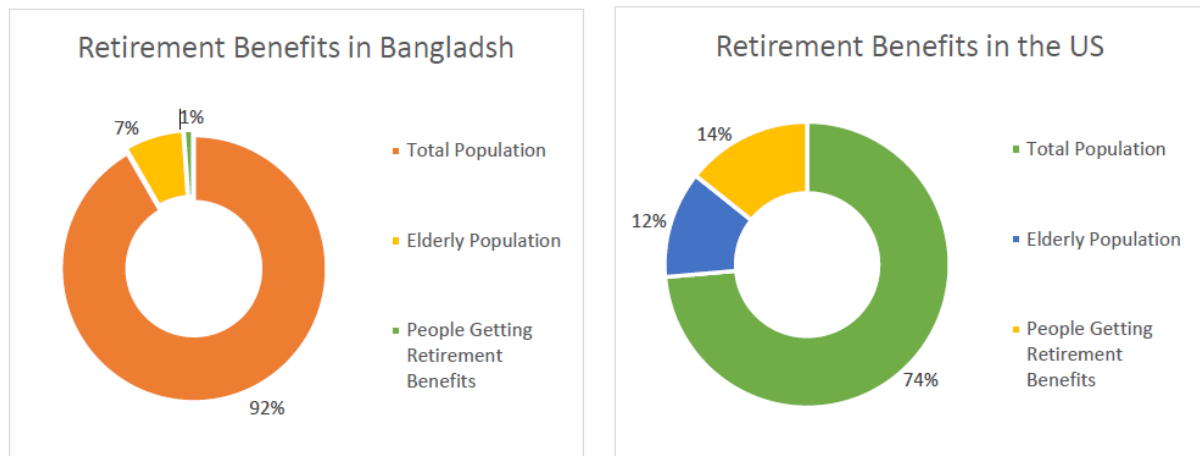


Figure 6: Retirement Benefits of BD & USA

The pension system of Bangladesh is quite different from the retirement system of the US. Now, the question is how the difference can be reduced and Bangladesh can have a better retirement system for her people. This report helps to analyze the differences with some possible solutions.

Comparison between the retirement Provident Fund of the US and Bangladeshi Provident Fund/Pension based on the interview:

Retirement Plan in the US	Retirement Plan in Bangladesh
Compulsory for both private and public sectors.	Only government employees are entitled to the pension, and private sector employees have to rely on their organizations' policies.
Strictly regulated by different government organizations like IRS, ASPA, etc.	Only government employees' pension is regulated by the government.

• A different Third Party Administrator (TPA) handles the retirement plans of an organization.	• For government employees, the Bangladesh government's Ministry of Finance takes care of the pension. For the private sector employees, their respective organizations handle the provident fund.
• There are certain non-discriminatory tests for every plan so that non-highly compensated employees do not get discriminated against.	• There are no non-discriminated tests or such things.
• A participant of the plan knows where his or her money goes, how it is invested, and how much money s/he currently has in the account. Also, employers have to deposit the money in the RK within 3 or 7 days as per IRS.	• Employees do not have any idea about what happens to the money which is deducted from their salary. They only get the money when they retire or leave the job after a certain period.
• Participants get to deferral any amount they want, even it is okay not to contribute.	• Employees are bound to contribute a certain percentage of their salary every month.
• Employers contribute to every participant by various means like Matching, Profit Sharing, etc. Even if participants/employees do not contribute for a plan year they might get employer contribution if the plan is Safe Harbor Non-Elective. Moreover, the contribution amount must not be the same for both employer and employee.	• The employer contributed the same percentage of money as the employee, and it is fixed every month.
• Organizations have to let the employees take distributions or in other words, let them withdraw their money when they are retiring or switching jobs. It is regulated by the government so there is no chance of not getting the money.	• Bangladeshi employees often struggle to get the money when they retire in both the public and private sectors.

• Employees while switching a job can either withdraw all their money to take the money to their new organization as Roll Over and continue their retirement plans	• Employees cannot take their money with them to their new jobs and continue their accounts.
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Table 2: Comparison between the Retirement Provident Fund of the US and Bangladesh

6.2. Findings

After the insightful research result the findings are as follows:

The retirement plans of the USA have multiple options.

- ❖ Bangladesh's retirement plan is not structured.
- ❖ A retirement plan can be the biggest source of help for elderly people, and their families can rely on that as well.
- ❖ In Bangladesh, only government employees are getting the facilities of the pension under the "Public Servants' Rules". Moreover, private-sector employees are excluded from the facilities, which is the reason for their financial insecurities.
- ❖ In terms of the Bangladeshi private sector's provident fund, it is not being invested somewhere profitable.
- ❖ The US government examines and regulates all the activities of the retirement plans of all types of organizations. Which is ensuring a fair and secure future for its people.

6.3. Recommendations

The time I have spent in Data Path Ltd. gave me a different way to look into some problems that I never thought existed. Financial issues are very common in our country, but it is huge for the family with no support in old age, even after working the whole life. By comparing the retirement system of Bangladesh and the US I could make the following recommendations:

- ✚ Like the government entities, the Bangladesh government can facilitate private-sector employees with retirement benefits.
- ✚ Bangladesh government can give tax exemption to the private companies having retirement plans for their employees like the US.
- ✚ Government should strictly regulate the retirement system.
- ✚ Private companies who are already giving retirement benefits need to be more transparent about the money they are deducting from their employees (How the money is being spent).
- ✚ The money of the provident fund should be invested in financial markets, it should be taken care of with utmost importance. It would help to maximize the pension amount of the employees, which will result in a better future.
- ✚ If Bangladesh Government imposes some additional requirements for the private sector about the retirement scheme, it could bring a great change to everyone's life.
- ✚ Different testing for the retirement plans should be implemented so that personnel with low pay do not get discriminated against.

6.4. Conclusion:

Currently, there are many other outsourcing industries in Bangladesh. However, Data-Path Ltd. is holding an exceptional position in the market. As there is no other outsourcing like this in the market currently. Moreover, the company has a big future ahead. The company can be an inspiration for the outsourcing industry in Bangladesh. More and more USA TPA companies are now coming to Bangladesh to outsource their business process seeing Data-Path's Success. Bangladesh has a lot to learn from USA retirement provident funds as there are very few retirement Plan opportunities in Bangladesh. Which may turn out to be a great disaster for our economy in the near future. Thus, the government took enough necessary steps to reform the retirement benefits system for both the public and private industries. Though I have a major in accounting, the accounting procedures of the Retirement provident fund of the USA were new to me. They are different from the accounting procedures that we learn in Bangladesh. It was very interesting to learn these for the last 4 months. It expanded my knowledge in accounting. I believe Bangladesh should have strong record-keeping policies like the USA in every business to retirement benefits sector.

After the 4 months long hands-on experience of working for the American retirement industry and analyzing the Bangladeshi pension system, this is clear that Bangladesh can learn and adapt a lot from the Retirement Provident Fund of the US. It is not necessary to completely follow the rules and regulations Americans do for their retirement sector; we can borrow their knowledge and experience and build a retirement system of our own which will be beneficial for our people.

Appendix

List of Acronyms

- **BPO:** Business Process Outsourcing
- **RPF:** Retirement Provident Fund
- **DOB:** Date Of birth
- **DOH:** Date of hire
- **DOT:** date of Termination
- **Gross Comp:** Gross Compensation
- **401k Cont.:** Deferral
- **R401k Cont.:** Roth
- **ERISA:** Employee Retirement Income Security Act
- **CPA:** Certified Public Accountant
- **TPA:** Third Party Administrator
- **QKA:** Qualified 401(k) Administrator

Glossary

- **Employee/ Participants:** they are the employees of a company for whom the retirement benefit plan is created.
- **Employer:** employers are the owners of a company.
- **Plan Year:** It is a year in which the retirement plan is assessed.
- **Prior Year:** A year prior to plan.

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