

Internship Report On
Comparative analysis of Retirement Plan between Bangladesh and the USA

By

MD Jamiul Islam
19104200

An internship report submitted to the BRAC Business School in partial fulfillment of the
requirements for the degree of
Bachelor of Business Administration

BRAC Business School

BRAC University

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Declaration

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at Brac University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

Student's Full Name & Signature:

MD Jamiul Islam
19104200

Supervisor's Full Name & Signature:

Dr. Abu Saad Md. Masnun Al Mahi
Assistant Professor, BRAC Business School
BRAC University

Letter of Transmittal

Dr. Abu Saad Md. Masnun Al Mahi
Assistant Professor
BRAC Business School
BRAC University
66 Mohakhali, Dhaka-1212

Subject: Internship report on Data Path Ltd.

Dear Sir,

It is my delight to present the BRAC University internship report, which was meticulously prepared in accordance with course requirements and instructions. During the last four months, I completed my internship at Data Path Ltd. and did my best to conclude the overall report with the most important, concise, and comprehensive information and recommendations possible. I found this investigation and analysis work to be fascinating and challenging. In addition, this apprenticeship has provided me with numerous new experiences and insights. I earnestly hope that you find this report beneficial and fruitful.

I'd like to thank you for the advice and direction you've provided over the past three months.

Please contact me if you have any questions about the entire report.

Sincerely yours,

MD Jamiul Islam

19104200

BRAC Business School

BRAC University

Date: May 01, 2023

Non-Disclosure Agreement

This agreement is made and entered into by and between Data Path Ltd. and the undersigned student at BRAC University named MD Jamiul Islam to prevent disclosure of private information and data which I got from Data Path Ltd.

Acknowledgement

I would like to begin by expressing my gratitude to Allah, the Almighty, for granting me the opportunity, generosity, patience, and ability to go through the process of data collection and complete the report in a timely manner despite facing numerous obstacles. I would like to thank my academic supervisor, Dr. Abu Saad Md. Masnun Al Mahi, and co-supervisor, Dr. Sayla Sowat Siddiqui, for guiding me during my internship for three months. I would also like to thank Tahasin Ali, my on-site supervisor at BPO, Data Path Ltd., for allowing me to work with him. He also provided some outstanding professional advice. He provides advice on the assigned topic and how to develop a strong network with other coworkers. In addition, I would like to acknowledge my coworkers at Data Path Ltd., who assisted me by providing me with necessary information and facilitating my work with them.

Executive Summary

This is an academic internship report that will focus on the USA Retirement Funds industry, their procedure and compare with the retirement situation in Bangladesh.

Established in 2008, Data Path Ltd. is a famous joint venture between USA and Bangladesh. Through a combination of rich expertise, diverse skills across industries and businesses, and in-depth study of successful organizations, organizations connect with customers, and help they convert into successful businesses. Data Path Ltd. work for July Business Services, which is a US-based retirement service provider and Data Path provides administration services on behalf of July Business Services. The organization aims to work closely with employers and financial partners to develop and deliver customized services to ensure the achievement of the intended goals.

This report focuses on activities of the organization, my experience of working for four months in the organization, lessons I have learned about retirement industry of USA, a comparison of retirement planning policies in the United States and Bangladesh. To conduct this study, both primary and secondary data sources were effectively used. Data for the report is collected from various sources such as training materials, focus group discussions with company employees, company website, and related research papers and documents. This research paper aims to provide a detailed overview of the US 401k retirement planning provisions and analyze the distinguishing features from Bangladeshi terms and policies.

Keywords: 401k; Retirement Planning; USA Retirement Industry.

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List of Acronyms

ACP	Average Contribution Percentage
ADP	Average Deferral Percentage
IRS	Internal Revenue Service
IRC	Internal Revenue Code
TPA	Third Party Administrator
ASPPA	American Society of Pension Professionals and Actuaries
DOL	Department of Labor
ERISA	Employee Retirement Income Security Act
RPF	Retirement Planning Fundamentals
JBS	July Business Services
SIMPLE	Saving Incentives Match Plans for Employee
LPR	Leave Preparatory to Retirement

Chapter 1

Overview of Internship

1.1 Student Information

Name: MD Jamiul Islam

ID: 19104200

Program: Bachelor of Business Administration

Major: Finance and Computer Information

1.2 Internship Information

1.2.1. Company Details

Period: 3rd January 2023 – 3rd May 2023

Company Name: Data Path Ltd.

Department: BPO

Address: 13th Floor, Ambon Complex, Mohakhali, Dhaka 1212, Bangladesh

1.2.2. Internship Company Supervisor's Information

Name: Tahasin Ali

Position: Assistant Team Leader

Email: tahasinali11@gmail.com

1.2.3. Job Description

As the internship program is a prerequisite for acquiring my bachelor's degree, I joined Data Path Limited on 3rd January 2023. Since then, I have undertaken many activities at Data Path where I could explore my knowledge and show my abilities.

After I joined as an intern in Data Path Ltd., I was trained in the basics of 401k valuation for 2 days. After 2 days the leaders of BPO team at Data Path took an interview and assigned me to a team. My team's name is APA/APS which is led by my supervisor Tahasin Ali. At the very beginning I was very confused to see all the new things at work like the software or documents which I have not seen or heard of in my bachelor studies. My supervisor started my training by checking valuation plan documents and updating the valuation software, DATAIR. Gradually I have learned more complicated materials like Census Information checking, Trust accounting, Software training, ADP-ACP testing, discrimination testing, Form 5500, Form 8955-SSA, report valuation, contribution calculation, asset reconciliation, contribution reconciliation, ending balance reconciliation, and many more theory and practical topics.

After I was given the basic overview for a few days, I was given mock plans to practice. These plans were of previous year done by the team for my current client APA Benefits. I was from the beginning given training on valuations for APA Benefits. These plans contain very sensitive information about clients, and a mistake could cause a huge burden to the company. They require trainees to complete completed work from prior years in order to teach them valuation accounting procedures. Moreover, this method of practical learning allows apprentices to become familiar with the software used to record accounting procedures. For my client, they utilized DATAIR; however, the software employed varies by client.

As described by Data Path Ltd. Ltd., the four-month internship is a rigorous program. Where they are going to offer intensive training and evaluate the apprentices throughout each training

process. This evaluation technique is used to employ trainees following the internship period. The company consistently seeks trainees who are eager to remain with the organization for at least one year. Given that this is a compensated internship program, the intern typically does not contribute value to the company during the internship, as they are merely being trained. However, my case was a bit different. The team I was assigned to has a total of 4 members including me, the only intern on the team. After two months of my joining one of my seniors from the team left Data Path and I was given the responsibility of handling the client APA Benefits.

Data Path Ltd. provided interns with numerous other opportunities. First, the internship is compensated with a stipend of 10,000 TK. Moreover, if the intern accomplishes properly during their internship program, there is typically a very high likelihood of employment opportunities following the internship program. Second, the corporation provides complimentary lunches for all employees, including apprentices. There are also unlimited refreshments and coffee available. Additionally, special evening refreshments are provided to all employees in the evening. And finally, they provide transportation assistance for all employees. I believe it is a wonderful privilege for any Dhaka city resident. They have numerous vehicles that gather up and drop off employees from various Dhaka routes.

1.3 Internship Outcomes

1.3.1. Student's contribution to the Company

After 2 months of training on theory and mock plans, After the last two months of my training program, I eventually had the opportunity to work on actual retirement plans for APA Benefits. The following stages were necessary for me to process a plan:

Retirement Plan Fundamental training: I received instructions concerning the American Retirement Plan Fundamentals immediately after joining Data Path so that I could comprehend

the industry I would be working in. The department I am working in is the “Business Process Outsourcing (BPO)” department. The BPO department focuses on its clients rather than July Business Services. Data Path is outsourcing the business processes of many other companies which are taken care of by the BPO department. It is apart from the rest of the departments, as most of them work for July Business Services. Moreover, my team oversees two clients, APA Benefits and APS Pension, I was given training on APA benefits and was assigned to handle this client in the last two months.

Client Reports Obtained: In order to complete year-end administration tasks, a retirement savings plan expert may need the following data from the plan sponsor or client:

- Employee census (employee information including name, SSN, DOB, date of appointment, compensation, etc.)
- Financial data (account activity) / The investment statement / Loan Activity
- Plan Document

For APA benefits, we access remote computer using the software ‘Team Viewer.’ We locate the folder of the assigned plan and download all the files including works of previous year on this plan to our local computer. We need the previous year’s files to check if last year’s reported ending balances on statements match with these years beginning balances or for clarifications on some cases.

Importing the plan to DATAIR: DATAIR is online software which is used to do valuations for APA Benefits. After downloading the files for the plan from remote server, we check the balances of 5500 SF and 5500 Signed of last year. 5500 SF is the final document prepared by us and 5500-Signed is the document that is approved and signed by IRS. After checking the 5500 documents, the next step is to take DATAIR Export File or PE file from the folder of 5500-SF. PE file is the export form DATAIR software after the last work on this plan. And

then import this PE file to our local DATAIR. Before importing, the plan must be checked and deleted if the plan already exists in DATAIR otherwise errors such as duplicate employees.

Plan Document analysis: After collecting all required client documents, the next procedure to examine the plan document. Plan administration is guided by this document. For a plan to lose its qualified status, it must be shown to be operating in accordance with its governing instrument. The plan document also details the types of benefits that may be available to participants or beneficiaries, as well as the total amount of those benefits. Thus, everything specified in the plan document must be precisely analyzed so to ensure the plan can be executed properly.

While analyzing plan document we generally go through the following sections:

- Plan general information such as Plan name, Plan Number and Plan Effective Date.
- Employer information such as employer or sponsor name, address, phone or fax number, Plan sponsor EIN, sponsor fiscal year end and the entity type.
- Plan Features which include the types of contribution this plan will allow such as Elective Deferrals, Roth Deferrals, Employer Matching Contributions, Non-Elective Contributions and Safe Harbor Contributions. We also check the plan feature effective dates.
- Statutory Compensation defines the type of compensation this plan will follow.
- Compensation exclusions define which compensations will be excluded for example other compensations such as allowances and fringe benefits will be excluded from the participants total compensation while running valuation, or compensation for employee will be counted only after he/she becomes eligible to participate in the plan.
- Eligibility section defines the requirements for the employees to participate in the plan and entry dates for example requirement can be Age must be 21 and employee must

complete 1000 hours of service and the entry dates are First day of the first month and seventh month of the Plan Year. This section also includes a list of employees to be excluded from the plan.

- The contributions section defines each contribution active on plan and their limits, exclusions, and rules. This section defines if the plan will have safe harbor match or not and if it will then what will be the percentage. This section also defines the allocation service requirements and formula for employer match and non-elective contribution. Moreover ADP/ACP testing rules are also defined in this section.
- The vesting section defines whether vesting service computation method follows hours of service or elapsed time methods, whether vesting computation period is calendar year or plan year, vesting exceptions, and vesting schedules.
- The distribution section defines retirement age, type and length of service used to measure normal retirement age for both normal retirement and early retirement.

DATAIR Plan specification update: For qualified retirement and health benefit plan recordkeeping, administration, compliance, document preparation, testing, and reporting, DATAIR is the go-to source of computer software and services for employee benefits professionals. This software is used by Data Path / July Business Services to process plans for many clients. Thus, for each plan, the specifications need to be updated accordingly into the DATAIR software following the instructions mentioned in the plan document. However, at the very beginning when we import the PE file, the plan into DATAIR, it is needed to update the plan year to current plan year. And after updating the plan year the next step is to go through the plan document and make changes accordingly.

Preparing and formatting Census Information: As noted in the opening section, the client provides us with a census report detailing all of the plan sponsor's workers. But it is necessary to organize and sort those information's before working with it and also to make it easy for

clients to go through the workings laer. Sometimes the information is not in one file, rather the information is scattered through 2 or 3 files. Next step is to go through those files and collect the following information of employees:

- First Name
- Middle Name
- Last Name
- Suffix
- Social Security Number
- Gender
- Birth Date
- Hire Date
- Status – Active/Part-time/Terminated/Retired
- Termination Date
- Compensation
- Hours
- Deferral
- Match
- Loan Payment

Census checking: Next step is to go to ‘Employee’ section on DATAIR and export the employee’s information in a CSV (comma-separated values) file and rename the export file as ‘dt.’ We open both the census information file and dt file and use the “VLOOKUP” formula for SSN, Date of Birth and Date of hire to cross check if there is any mismatch of information between DATAIR and clients’ census. If there are mismatches then we note those in the census information file, update DATAIR using the data given in client’s census and write a mail to APA Benefits regarding these issues, to confirm which data to keep. It is also checked if there

are any employees who are active in DATAIR, but the client's census has no information about them.

Census import into DATAIR: Data assistant templates, 'Anniversary Notification' template is used to import census information to DATAIR. After exporting the file from DATAIR, then add the client's census information to the export file, save the file and import the file to DATAIR. First, a test import is conducted and DATAIR will give a log file to see if there are any errors, warnings, or unwanted changes. If there are issues, then each issue is checked and solved. If there are no issues on the log file, then we import the census information to DATAIR.

Logical Testing: After the import is complete, next step is to go to the employee section on DATAIR and get another copy of employee information and save the file replacing the previous 'dt.' Then open both the census information file and dt file and use the "VLOOKUP" formula to cross check and find differences in SSN, DOB, DOH, Compensation, Deferral, DOT. Then we look for participants who became eligible in the current plan year in DATAIR and we manually calculate if DATAIR calculated Date of Participation is correct or not. Almost all plans have matching contribution, it can be employer matching, safe harbor match, Q-mac etc. and their percentage differs from plan to plan. So, it is needed to calculate the match by hand and see if it is the same with what DATAIR has calculated. Additionally, some clients calculate matches on their own and provide them in census file. In that case, we check if our calculated number matches the client's number and if does not, the prior year's information is checked and the client is asked for confirmation. It is also important to check prior years census information to see if there is an HCE, Highly Compensated Employees. A participant can become HCE if he/she has total compensation of \$130,000.00 or more in the prior year. In addition to that, we check and update the ownership percentage for the plan.

Run Testing: For a plan, there are three main testing needed to be run: ADP/ACP Testing, General non-discrimination Testing, and Top-Heavy Testing. Testing is run so that there is no discrimination between highly compensated employees and non-highly compensated employees. These tests are automatically run by DATAIR software. If the testing fails then the plan sponsor has few consequences to face in the following plan year, i.e., an additional 3% contribution to all employees.

Preparing and formatting Participants Statements: Statements hold information regarding participants funded contribution, investments, gain or losses, dividends, exchange, forfeiture, loan activities, withdrawal, fees, MDF/MFO, transfer in/out and insurance premium. The statements are usually provided by the client in a PDF format. It is a must to take the data from that PDF and put it into an Excel file format to work which can be tiring and take much time when the plan has many participants. In some cases, clients will also provide a CSV file that can be used to prepare the statement in Excel in a short time by using Excel “Macro” function.

There are two types of statement. One is Participant Wise Statement and the other one is Brokerage or IDA Statement.

Importing Statement activities to DATAIR: After being done with preparing and formatting the statement, next is to import the gain/loss amount, fees, transfer in/outs and withdrawals out of many other activities into DATAIR. Following the same procedure as importing census information, another data assistant template ‘aaFinancials’ is used to export an excel file from DATAIR in which the statement information of gain/loss amount, fees, transfer in/outs and withdrawals is added. Then the file is imported to DATAIR. If any participants have loan amounts, then we select each participant and update their loan payment, new loan, and loan interest manually on DATAIR. And finally, if there are any distributions in the plan year, we select the participant on DATAIR, go to services section and select “Paid This Period” and

“Forfeit Now.” One must make sure that the participants distributed amount on DATAIR equals the amount on statement.

Contribution Reconciliation: It is a excel file that has all the information of the participants who have contributed to the plan year. The precise contribution amount as well as the financial statement needs to be prepared in advance for this. It's a crucial aspect of the plan's back-end processing since it shows exactly how much money was contributed by the participant and their employer while showing how much was actually put into the member's account.

To prepare this file, we make a copy of the Statement we had prepared and delete all column except SSN, Name, Source, Beginning Balance, Contribution and save the file as “Contribution Reconciliation.” Then we use data assistant template “Beginning Balance” and export an excel file from DATAIR that contains the beginning balance amount for each employee on DATAIR. We go to the reconciliation file, create a new column “DATAIR Beginning balance” before the Statement beginning balance column and use excel “VLOOKUP” function to bring each participant DATAIR beginning balance in this file. Afterwards we create another column “Prior Year Difference” that shows the difference between DATAIR and statement beginning balance. We match this difference with prior year receivables. Then we create another column “Available for Current Year” which deducts the prior year difference amounts from the Statement Contribution column. We created another column “Actual Contribution for Current Year” and use “VLOOKUP” to bring DATAIR contributions from the “dt” file exported during logical test. Lastly, we create a column that deducts “Available for current year” from “Actual Contribution for Current Year” and find the receivable/underfunded or payable/overfunded amount for this plan year.

Trust accounting: In contrast to the daily allocation and valuation processes for individual participants, which depict the micro view, this file offers the macro view of the plan's financial

activities at the end of the year. Evaluating the plan's overall performance is necessary for ensuring that all expected transactions were handled accurately for daily value.

Trust accounting will not be in balance if there is a mistake in the calculation in DATAIR, the financial statements, or the contributions. The ending balance and gain/loss amount of the trust accounting must correspond to the ending balance and gain/loss number of DATAIR.

When the amount of net assets on the financial statement together with the receivables or payables from the reconciliation file for the current year equal the net assets ending balance of DATAIR , the trust accounting is said to be in balance or reconciled.

Preparing reports: After preparing Trust Accounting, the valuation is complete. Next it is needed to prepare a few reports. DATAIR is used to prepare Account Balance Statement, Contribution Report, Participant Statement, and discrimination test reports. Moreover, Form 5500, Form 8955-SSA reports are prepared from ftwilliam.com and these reports are the most important as these get submitted to the US government.

Submitting to the Client: After valuation and reports, using Team Viewer all workings are uploaded to the remote computer and the clients are notified by email.

1.3.2. Benefits to the Student

During my four-month journey with Data Path Ltd., I have acquired a vast amount of knowledge; I have learned topics about which I had no prior knowledge. In addition to shaping me and preparing me to enter corporate life after concluding my formal education, this program helped me to prepare for my entry into the workforce. Some of the knowledge I gained throughout my journey with Data Path Ltd. is presented below:

Corporate knowledge: Before being a part of this group, I had no idea that the RPF in the United States was the focus of a whole business. Also, this is something that is outsourced to Bangladesh. In reality, I was not familiar with USA RPF. Following my internship at Data Path

Ltd., I can confidently say that I now have a thorough insight of the corporate side of the RPF industry. How exactly work of this kind may be sent outside. My knowledge of outsourcing grew as a result. I was able to build a stronger professional reputation as a result of this encounter. I have gained an understanding of the inner workings of the accounting department of USA RPF.

Corporate behavior: Professionalism is highly valued in this industry. The staff at Data Path Ltd. was quite welcoming. So, I was able to quickly adjust to my new surroundings and hone my business demeanor. Since this internship was actually my first experience in a business setting, I was clueless about proper business etiquette. However, since joining this community, I have quickly accumulated a wealth of knowledge. Everything from how to properly communicate with my superiors and subordinates to how to properly lodge a complaint or present a proposal to even the most basic computer skills like how to properly organize files for easy access.

Time management and priority setting: The RPF sector operates under two distinct time constraints. The company's "Busy Season" is the three months leading up to these two milestones. All personnel were put under intense strain during the peak season which lasted for six months. And they had to have their assignments in by the cutoff time. There was a lot of pressure on me to get my training done and start contributing to the team's efforts in January since that's when things really started to get up. Both the customer and the leader of my team had deadlines that needed to be met. This experience tutored me how to prioritize my tasks and stay calm under pressure. In addition, having established office hours allowed me to better organize my time and focus on what was most important. I just had a little window of time to myself after getting home from work. Because of the limited time available, I had to carefully choose how I wanted to spend my leisure time.

A greater sense of professionalism: Over the course of my internship's first four months, I've had several interesting encounters. The distinction between friends and coworkers was a lesson I picked up. My internship prepared me for the professional world, from how to speak to how to think to how to write emails.

Being more careful and sincere: Due to the sensitive nature of the information handled in the RPF sector and the rigorous nature of the IRS audits, making a mistake may have severe financial consequences. Furthermore, there is significant worry that sensitive information may be disclosed. As a result, we had to work carefully. More so when it comes to secrecy. A small number of seminars were dedicated to teaching attendees associated with security and confidentiality of data. When I wasn't at my desk, even for a second, I was expected to lock the computer. Because of them, I am now more cautious and genuine.

Improved mastery of Microsoft Excel: Data Path Ltd. makes heavy use of Excel, for example. They need in-depth Microsoft Excel training for all staff members. I've learned so much about using MS Excel throughout my internship that I can now call myself an expert. I've finally mastered Excel's shortcut keys. And I can get a ton of work done in MS Excel in record time without ever touching the mouse.

1.3.3. Problems/Difficulties

There's no denying Data Path Ltd.'s success. Because of my research, I now have a better understanding of Data Path Ltd.'s operations in Bangladesh and related topics. During my internship at Data Path Ltd., I encountered a few obstacles:

Making sense of the Retirement Plan Industry of United States: The American retirement system is sophisticated. No company has to provide its workers with a retirement plan, but many do so as a perk. Initially, I tried to draw parallels between our system and the one in

Bangladesh, but soon recognized there were significant differences. Consequently, I found it difficult to comprehend the whole US retirement sector and its inner workings.

Doing another degree on Retirement Plan: I was given numerous trainings on retirement plan fundamentals, and I felt as if I was doing another degree on retirement plans in the United States. Indeed, it was a degree, but it was worth it. Because of that training session, I felt confident and did very well in the tasks which were assigned to me by my team leader.

Communication through Skype & Microsoft Teams: Data Path Ltd. employees prefer to use Skype for internal communication rather than physically meeting, while Microsoft Teams is the primary means of contact with American clients. Finding and talking to everyone on Skype for everything seemed like a huge chore at first. However, in modern times when communication is increasingly not limited to face-to-face encounters, it additionally serves as an efficient method for enhancing one's communication abilities.

1.3.4. Recommendations

Data Path should enhance the amount of time organizations spend on advertising. Datapath Ltd posts opportunities online, but it must also promote in newspapers and various other offline platforms. Companies require more employees to meet the increased demand for services as the number of clients grows. Therefore, it would be more appropriate to pick the proper person if the recruiting process advertisement could be presented on offline as well as online platforms.

Chapter 2

Organization part

2.1. Introduction

Mr. Ashfaqr Rahman, the current Chief Executive Officer and Managing Director, formed the private limited business Data Path Ltd. in 2008. Many domestic and foreign companies benefit from the organization's services and assistance. Traditional values like honesty and integrity are highly valued at Data Path, and the company strives to uphold these ideals while also encouraging originality and the use of cutting-edge technology. Data Path's customers benefit from the company's collaborative efforts as it leverages its unparalleled expertise, comprehensive skills across all sectors and business activities, and in-depth research on high-performing firms to help them achieve their own goals.

2.2. Overview of the company

2.2.1. Outsourcing Company

Data Path Ltd. is Bangladesh's pioneering outsourcing firm. Data Path Ltd.'s parent company, July Business Services, is a US-based TPA. Data Path Ltd. is owned by two men named John Humphrey and Jim Hudson. When it comes to retirement plans as well as additional administrative plan services, July Business Services remains the industry leader among TPA firms. (TPAs, 2010)

Services such as retirement plan design, administration, and documentation are just some of what July Business Services provides to its clientele. In 1994 it began operations. It now serves over 94464 customers throughout the USA. (Competition in the Business Services Market: Revenue, Alternatives, and Prices in July 2022) The business service sector's net value as of the end of July was \$5 billion USD. In addition, the yearly revenue forecast is \$34.4 M, with

an employee forecast of \$277,573 in income. (July Business Services Competitors, Revenue, Alternatives and Pricing, 2023)

2.2.2. Company History

In 2006, Data Path Ltd. had its start in Uttara, Dhaka, Bangladesh. Six very skilled people were all they had to lay the groundwork for the organization. When the workforce had expanded to 50 people, they relocated to Gulshan. By that time, July Business services had begun laying off workers and outsourcing most of its operations to Data Path Ltd. Ltd. The Business Process Outsourcing division has been responsible for the company's meteoric rise since 2015. Like July Business Services, several other USA TPA companies found potential in the outsourcing process. However, despite setting up shop, they began contracting out some of their administrative tasks to Data Path Ltd. Ltd. With over 400 workers and a new headquarters in Mohakhali, Data Path serves as a TPA for 30 other companies. (About Us - Data Path, 2023)

2.2.3. Company Vision

“Is to become the best retirement plan administrator in USA.”

2.2.4. Company 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.”

2.2.5. Core Values

When employees have a shared set of values, it's easier for them to work together toward a single purpose. Here are some of Data Path Ltd.'s guiding principles:

- Cheerful Outlook
- Embrace New Ideas

- Creative Solution
- Celebrate Success
- Commitment To People
- Teamwork
- Technical Competence
- Result Oriented
- Accountability
- Effective Communication

2.2.6. Company Objective

- Increase the number of TPA firm clients from 35 to 50 on a per year basis within 2024.
- Data Path Ltd. wishes to create retirement plan software in order to cut operating costs and make operations run more smoothly. Data Path has experts that have begun software development and believe they will be able to deliver this product by 2023.

2.2.6. Founding Partners

Jim Hudson and John Humphrey, founder and chairman of Data Path Ltd., jointly own July Business Services. Mr. Ashfaque Rahman leads the business as CEO.

2.3. Management Practices

2.3.1. Strategic Partners

Data Path Ltd. has the same key partners as July Business services. Over the years, July Business Services has cultivated a network of valuable alliances, allowing it to provide its customers and the beneficiaries of their retirement plans with a wider range of services.

- Record Keepers: Companies known as "Record Keepers" (RK) are responsible for maintaining and safeguarding retirement account balances. Companies that provide a retirement provident fund (RPF) must not, under ERISA, hoard all of the RPF funds for

themselves. A record-keeping firm is entrusted with the funds. Here, the record keeper firms function something like a banking institution, but they are experts in RPF strategies specifically. These RK businesses keep actuarial records of their financial transactions. Where TPA organizations use either a cash basis or an actuarial basis for their bookkeeping. Many RKs, including MassMutual, Principal, John Hancock, American Funds, etc., are strategic partners of July Business Services. Data Path Ltd. profits from these RK companies. They did this by handing over their year-to-date RK statement, Loan statements, as well as a host of other documents. It is difficult to generate RPS plan financial statements without them.

- TPA Firms: In the United States, July corporate Services was the pioneer in outsourcing corporate processes to other nations. And they were really effective at it. Others in the TPA industry took notice of their success with outsourcing and decided to try it for themselves. They were told by July Business Services that Data Path has a lot of skilled workers and can execute their task too. Thirty more TPA customers are now using Data Path Ltd. to outsource the majority of their business procedures.

2.3.2. Customer Mix

Data Path Ltd. is headquartered in Bangladesh and is an outsourcing firm. The United States' TPA companies are Data Path Ltd.'s primary clientele. Other than July Business Services Ltd., the Business Process Outsourcing division of Data Path Ltd. presently serves 20 additional TPA companies.

2.3.3. Service Mix

July Business Services is only one of the many satisfied customers of Data Path Ltd.'s extensive list of services. What we provide is detailed in the following paragraphs:

- **Plan Design:** Designing a new RPF strategy is necessary before implementing it. When formulating an RPF strategy, it's important to remember a number of considerations, laws, guidelines, and regulations. Questions like what kinds of contributions will be made to the plan, who are going to be excluded from the plan, who will be included, and whether or not the plan will pass any discrimination tests are just a few examples.
- **Plan Setup:** For both new and old RPF plans, a number of administrative procedures must be completed before reviewing the Plan statements for a particular year. This process is best described as a set up for success. Some of the steps in developing a plan are as follows:
 - Setup Paperwork
 - Questionnaire for planning
 - List of requirements
 - Employee census
 - RK statements
 - Loan policy
 - Amendment reports
 - Plan documents / adoption agreements
 - Rollover policy
- **Plan Operation:** Estimations, computations, and accounting processes are all carried out by the Data Path at this stage. Including but not limited to client email correspondence. The following are some of the functions of this stem:
 - Census Import
 - Logical Testing
 - Participant Eligibility Calculation
 - Vesting Amount Calculation

- Calculating And Allocating Contribution
- Contribution Reconciliation
- Loan Calculation
- Trust Accounting
- **Compliance Testing:** Legal validity of the plan depends on its passing through a set of anti-discrimination criteria. In the service phase, the firm puts the plan through its paces by subjecting it to a variety of tests designed to determine whether or not it lives up to expectations. A few examples of tests are shown below:
 - ADP / ACP Testing
 - Top Heavy Testing
 - General Test
 - General Non-discrimination Testing
 - Minimum Coverage Testing
- **Tax Compliance:** Some forms of documentation must be drafted in order to be in accordance with US tax regulations. Here are a few examples:
 - Form 5500
 - Form 5500 EZ
 - Form 5500 SF
 - Form 5330
 - Form 8955-SSA
 - Form 1099-R
 - Form 945
 - Form 5534
- **Plan Recordkeeping:** July's daily value recordkeeping platform and Data Path's alliance partners both provide automated recordkeeping services:

- 24-hour Internet Access
- Daily Account Valuation
- Access account for Plan Sponsors
- Quarterly Statements to Participants
- **Participant services:** July provides high-quality resources for members to use in securing their financial futures via alliance agreements with financial service providers.
- **Enrollment Materials:** Participant enrollment and investment choices may be made with the use of professional enrollment materials provided in July. The following are examples of such resources:
 - Enrollment Workbooks
 - Investment Education
 - Risk Profile Worksheet
 - Investment Fact Sheets
 - Enrollment Forms
- **Investment Advice:** Money contributed to an RPF plan by both employers and workers is not left dormant in a bank account somewhere. It's often invested to generate additional income for those involved. Data Path Ltd. is a full-service investment firm that advises customers on where best to put their money.

All of Data Path's administrative tasks for July Business Services are handled by July's software, and all submissions are made over Data Path's secure network.

2.3.4. Departments of Data Path Ltd.

The major departments that are currently operational in the company is listed below:

Accounting Division: Teams in the accounting department offer financial and accounting support for Data Path. Everything from stock information to employee compensation to

financial assertions to paying other divisions for completed work falls within this division's purview. Since it ensures efficient workflow, this division is vital to the success of the business.

Department of Allocation: In addition to providing information for Workflow 5500, the Allocation Department's primary goal is the regular distribution of plan members' monies. Since July is the parent business, the allocation team compiled all of their projects and divided them into multiple folders so that all relevant data could be shared with the other divisions.

Distribution Division: In the context of a member's retirement, termination, or transfer of money from one business to another, distribution refers to the duty of distributing those monies to that member. The program used in this section is called Relius. Here, we take care of getting money to our customers.

Department of ERISA Consulting/Plan Documentation: The ERISA department's primary responsibility is to write and manage plan documents using historical data provided by the setup and income departments. Plan archives for profit sharing plans, 401(k) plans, Safe Harbor Plans, and Safe Harbor 401(k) Plans include at least 40 pages of relevant legislation, regulations, and doctrine. They ensure that the relevant information is sent to the appropriate divisions for review.

5500 Workflow Department: Each plan includes a document titled "Form 5500." Normally, every plan is obliged to create an annual report for government filing purposes, in which they may examine all their plan's assets and contributions. This department prepares and submits thousands of business Form 5500s to the appropriate authorities each year.

Department of Business Process Outsourcing: It is frequently referred to as the Business Process Outsourcing department, and it is responsible for administering and coordinating all aspects of retirement plan management and valuation operations. This department is free to collaborate with other TPA services. Each team in this department collaborates with many

TPAs to provide various administrations such as arrangement survey, plan process, accommodation, and so on. Currently, the department oversees more than 12 TPA services based in the United States.

Department of Documentation: The record-keeping section keeps track of every plan and plan-related procedure. This section also keeps track of the money that is circulated for July services.

Sales department: To bring in new clients, each TPA firm needs to engage with two types of authorities. These are the financial advisors and the plan sponsors. These two parties are the most important sources of business and clients for TPA firms. The data-path sales department collaborates with these two parties to execute the assignment and keep the needed link operational.

Human Resource Management Department: In each firm, the human resources department is an unavoidable component that directly adds to the organization's profitability. Data Path Ltd. has an internal HR department in responsibility of acquiring skilled employees, effective human resource management, and organizational retention. The HR department keeps track of all employee actions and oversees operations such as payroll administration, performance assessment, dispute resolution, and other HR-related tasks.

Department of IT: Data Path Ltd.'s IT department is regarded as critical because the bulk of activities are controlled via remote access. For uninterrupted contact with clients and other TPAs, a stable network connection is essential. The IT department effectively controls the functionality of the company's necessary gear and software.

Division of New Enterprise and Setup: The New Business section inserts and double-checks all the details into the database. All the records are available in Data Path's income area.

2.3.5. Organizational Structure

The overall organogram of Data Path Ltd. is as follows:



Figure 1: Organogram of Data Path Ltd.

2.3.6. SWOT Analysis

Strengths

- End-to-end encryption is used to protect the company's activities with secure software and IT-based services.
- There is hardly any serious competition in this industry.

Weaknesses

- Face-to-face communication with business clients is a problem for the corporation.

<ul style="list-style-type: none"> ▪ Giving a discount compared to competitors in the United States. ▪ Robust commercial expansion in Bangladesh. ▪ Bringing in much-needed foreign funds for Bangladesh. ▪ Acquired other TPAs' confidence over a long period of time. 	<ul style="list-style-type: none"> ▪ As a relatively new sector, significant investments in research and development are required. ▪ Training employees from scratch is a time-consuming process. ▪ Weak promotional activities and website.
<p>Opportunities</p> <ul style="list-style-type: none"> ▪ The firm has significant development potential and plans to create a lot of jobs in the coming few years. ▪ It has the potential to form partnerships with various firms in order to strengthen their competitive position. ▪ Making room for growth in Bangladesh's outsourcing sector. ▪ Workflow depends on the US economy. 	<p>Threats</p> <ul style="list-style-type: none"> ▪ Clients are not obligated to make promises, and switching to other third-party administrators is extremely common. ▪ The organization's operational efficiency is entirely dependent on third-party corporations in the United States. ▪ The local market is seeing the emergence of new rivals. ▪ This service industry is not well recognized in Bangladesh.

Table 1: Swot Analysis

2.3.7. Porter's Five Forces Analysis

Threat of New Entrants: Getting started in this sector is not simple and may be rather challenging. First, a large number of technically savvy people are required since only a small fraction of the population is familiar with RPF. Therefore, extensive training is required. In addition, launching a business based on information technology requires a substantial financial outlay. For this form of outsourcing to be successful, trust is crucial. Since the RPF sector deals with personal information of American people, it is wary of outsourcing to firms based outside the United States. Because this might hurt the TPA's credibility.

Supplier and Buyer Power: In the outsourcing business, the link between suppliers and customers is rarely openly shown. The TPA companies are assumed to be the purchasers, with Data Path Ltd. serving as the vendor. TPA companies providing RPF plans to Data Path Ltd. is a common example of this kind of relationship. Within a certain length of time, finish all of the procedures. Pay is often determined by the size of the RPF plan. The salary in the TPA business is generally quite high since it is such a large sector. As an example, they each pay \$250 to have one Form 5500 prepared. Data Path now processes over 100 Form 5500 annually on average.

Threat of Substitutes: Substitutes, especially software, pose the greatest danger to this market. Several businesses are now working on software that can generate a whole RPF strategy. That program might be used by anybody having even a little familiarity with RPF. However, it will be a long time before such a program is created. However, if the United States government does not alter its rule regulation governing RPF, there is currently no viable alternative to this sector.

Industry Rivalry: In general, the outsourcing industry is competitive, and this is especially true of large corporations. Specialty subsisting businesses are looking to expand their service

offerings, while new entrants are entering the market to stay alive. A strong position as a buyer in this market is essential to surviving in a field where competition is fierce and customers want only the best. Long-term partnerships need substantial spending within the market for the sake of profit and solid financial savings. While everyone is aware of the business's potential benefits, it's not easy to put together a team of talented workers who are willing to put in the time and effort necessary to succeed.

Chapter 3

Project Part

3.1. Introduction

Bangladesh, like every other developing nation, struggles to provide assistance to her elderly citizens, and this will be a major concern in the near future. Retirement benefits are only available to government employees in Bangladesh. 0.73 million individuals are eligible for pensions in the current fiscal year, according to data from the finance ministry. Through the various safety net programs, 1.15 billion individuals would receive financial assistance. According to the fiscal 2016-17 budget documents, over eighty-seven percent of the employed population is not covered by a pension or gratuity system (Sarker, 2021). As elderly individuals are considered less for economic and social development-related studies, fewer are conducted on this population. In a few years, Bangladesh, however, will confront significant retirement issues. As the process of retirement progresses, the abilities of the elderly will decline. Furthermore, the current COVID-19 problem will have major repercussions for retirees both now and in the future. There is no framework in place to defend workers' rights since the government of Bangladesh does not regulate the retirement system. The government's pension scheme is outdated even by public sector standards. Employees are oblivious of the retirement benefits to which they are entitled. Obviously, certain government agencies are responsible for the employees' welfare. Due to a dearth of planning and reinforcement, they appear to be faltering in their responsibilities. The government does not structure or regulate the retirement benefits received by Bangladeshi private sector employees. In addition, companies that give retirement benefits (provident fund) to their workers do not care whether certain workers are paid more or have better perks than others.

To the contrary, the government of the United States is genuinely concerned about employees' rights to retirement benefits. The government of the United States provides tax breaks to businesses with retirement programs for their employees. However, it's a complicated procedure for U.S. businesses to adhere to federal laws for their retirement programs. It has \$26 trillion stashed away in various retirement accounts including 401(k)s, IRAs, and annuities, as well as public and private defined contribution (DC) and defined benefit (DB) plans (Congruent Solutions, 2020). More than \$430 billion annually is produced through these accounts 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 allowed them to save enough for their golden years. Households are able to maintain their level of life in retirement, as shown by studies of consumption, income, and wealth. In 2011, fewer people 65 and older (9%) were living in acute poverty than those aged 18 to 64 (14%) or those less than 18 (18%), suggesting that retirees are in a better condition than other demographics (Investment Company Institute, 2012).

The Bangladeshi pension system is quite distinct from the American retirement system. Now, the topic is how to reduce the disparity and improve Bangladesh's retirement system for its citizens. This report aids in the analysis of the differences and provides viable solutions.

3.2. Research Objectives

Broad Objective: The broad objective of this research is to gather the knowledge about USA retirement provident fund and differentiate those with Bangladesh's pension system to be able to implement those for the betterment of this country's retirement benefits sector.

Specific Objective:

- To know about the USA Retirement Provident Fund and the Retirement Plan system of Bangladesh.

- To find out about the difference between these two retirement plans.
- To know if Bangladeshi employees are satisfied with the retirement policy of Bangladesh.
- Recommend if Bangladesh should follow the USA RPF industry and how Bangladesh can do better with her Retirement policies.

Research Questions:

- What are the procedures that the Retirement Provident Fund of the USA and Bangladesh follows?
- How the retirement systems of Bangladesh and the USA are different?
- How satisfied employees are with the current retirement system of Bangladesh?
- How can Bangladesh Government improve its retirement policy?

3.3. Background/Literature Review

Life expectancy in Bangladesh is approximately 70 years; consequently, the dependency ratio is greater, and the prospective support ratio is lower. Without adequate reserves or participation in pension systems, the majority of senior citizens will be heavily dependent on society (Rashid, 2019). Aside from civil and military government employment, Bangladesh lacks a formal pension system on a national scale. The government employs approximately 1.4 million people, which represents only 5% of the total number of people in the private and public sectors. All government personnel are entitled to a post-retirement pension under the Pension Act of 1871 (Khan & Howladar, 2021). In an interview with the Daily Star, a 38-year-old mid-level executive stated, "My father and father-in-law are both former government employees. I can see the relaxed lifestyle they enjoy due to their pension" (Sarker, 2021). It implies that personnel in the private sector are anxious about the future. This is due to the unstructured foundation of Bangladesh's retirement system. The difficulty is that this concern may not be

prioritized at the policy level, and existing regulations may not be applied effectively (Ferdousi, 2020). People are living longer than ever before as a result of the growing awareness of the importance of a healthy lifestyle, the advancement of modern medicine, and the advent of high-tech surgical procedures. As is the case in Bangladesh, a significant proportion of the longer-living retirees lack sufficient savings to sustain themselves for the remainder of their lives. Many American retirees are in the same financial straits as their Bangladeshi counterparts. This dismal savings situation compels many Americans to continue working past the complete retirement age of 66 for social security. Unfortunately, this option is unavailable to public sector employees in Bangladesh (Dewan, 2019).

3.3.1. Institutional History of the US Pension System

In order to better the physical, financial, and emotional well-being of their workers and their families, many companies provide benefits including health and life insurance, paid time off, disability pay, and retirement plans.

Certain benefits are in place to shield workers from the devastating financial effects of natural catastrophes and other unforeseen events. Others help maintain a productive and positive work environment by improving morale and making it easier to attract and retain top talent. Since modern workers have learned to anticipate benefits in addition to their salary, benefit plans for employees are often included in total compensation packages. Employee benefit plans are classified into two types:

1. Welfare benefit plans, which provide a variety of benefits ranging from health and life insurance to recreation compensation.
2. Pension benefit schemes that provide financial security in retirement.

This research will primarily look at the pension benefit scheme and compare it to that of Bangladesh.

Regulatory Bodies

The retirement pension policy in the United States is strictly controlled and audited by three regulating bodies. They are as follows:

- **IRS:** IRS is the acronym for Internal Revenue Services. This regulatory body establishes the laws and regulations for employer and employee contributions to the retirement fund, as well as providing tax information to all citizens. The amount of taxes on distinct types of retirement plans is determined by the IRS. In addition, the IRS is involved in reviewing the accumulated retirement savings by creating Form - 5500.
- **DOL:** DOL stands for Department of Labor, which aims to improve the economic and social well-being of workers. Wage and hour legislation, workers compensation, employee benefits security, financial help for employees, safe workplace, and health, and so on are all determined by the DOL.
- **ASPPA:** In the United States, retirement pension policy is primarily governed by the American Society of Pension Professionals and Actuaries (ASPPA). The ASPPA is responsible for laying out the ground rules for things like eligibility, vesting, nondiscrimination, and other legalities. As part of the audit, ASPPA provides reports on the value of the plan, a description of the investments, and other evidence of compliance.

The American Society of Pension Actuaries, the Internal Revenue Service, and the Department of Labor all assess the retirement system and provide recommendations to the federal government. The three governing bodies have primary responsibility for preserving the system's accessibility and transparency. The many tax regulations that control employee rights and corporate duties affect a company's decision to give perks to its workers. On September 2,

1974, Congress and the president signed into law the Employee Retirement Income Security Act. It set the standard for future employee benefit law by establishing a complicated collection of rules that were meant to apply to all employee benefit plans. Common use of the word "ERISA" encompasses not just the original law passed in 1974, but also the succeeding set of laws that continues to govern employee benefit programs.

Types of Pension Benefit or Retirement Plan

Workers in the United States enjoy a wide range of perks from their employers. The percentage of total employee-related costs that are attributable to benefits is rising. The employer foots the bill in whole for certain perks, such as paid vacation time. Typically, both the company and the employee chip in to cover the whole cost of an employee perk. On September 2, 1974, President Gerald Ford signed into law the "Employee Retirement Income Security Act of 1974" (ERISA). For the welfare of workers and, in particular, pensioners, a convoluted system of legislation was enacted. According to the American Society of Pension Professionals & Actuaries (2010), "ERISA" (the Employee Retirement Income Security Act of 1974) serves as the backbone of the legislation and regulation of all employee benefit programs. Two types of pension schemes exist in the United States:

1. The Defined Benefit Plan - An annuity is a series of payments delivered at regular intervals (usually monthly or yearly) that are guaranteed to be equal from the beginning and are generally used to express the benefit from a defined benefit plan. When a person reaches the traditional retirement age of 65, payments will commence. Since the annuity payments will continue for the remainder of the recipient's life, the term "life annuity" is used to describe the arrangement. (American Society of Pension Professionals & Actuaries, 2010)
2. The Defined Contributions Plan – Each member in a defined contribution plan has his or her own account; this is why the plan is also referred to as a "individual account plan." Each member receives an allocation from the plan, which may be a percentage of their pay (such

as 3% for someone contributing 3% of their total pay) or a set dollar amount (\$100) based on the plan's design. (American Society of Pension Professionals & Actuaries, 2010)

There are a few distinct varieties of defined contribution programs:

- 401(k) Plan
- 403(b) Plan
- Safe Harbor 401(k) Plan
- Profit-Sharing and 401(k) Plan
- Money Purchase.
- Other types of plans have tax-advantaged arrangements.

The allocation and contribution parts of a defined contribution plan detail the method by which eligible workers will contribute and the maximum amount they may contribute, as well as the maximum amount that can be awarded to each employee.

Terms of the Basic Plan Document:

Compensation: A plan agreement's contribution or allocation clauses are common places to find references to the compensation period. It is common practice to use a participant's whole salary as compensation for the purposes of calculating their benefits and contributions. However, plan sponsors are free to add or remove some elements of compensation so long as the final definition does not unfairly benefit higher-paid workers. In this way, sponsors have greater leeway in determining the maximum amount of compensation that may be used to calculate benefits under the plan. (American Society of Pension Professionals & Actuaries, 2010)

Employees Who are Eligible: Eligible workers must be identified, and the concept of an eligible employee must be understood, in order to determine who is and is not eligible to participate in a plan. Generally speaking, a company's workers as a whole are eligible to join a plan, with the exception of those who are members of a labor union or who are not legal U.S. residents. There are, however, other conditions that must be met before an employee may begin making

contributions to the plan and receiving allocation from the company. Each plan has its own set of eligibility conditions that workers must meet in order to take part in the program.

Plan Year & Fiscal Year: The plan document specifies whether the plan year or the fiscal year is used. Some plans use a calendar year (1/1/2021 - 12/31/2021) as the fiscal year, while others use a different range of dates. In addition, some companies change the start of their pension plans to coincide with the calendar year.

Normal Retirement Age: The usual retirement age and the normal retirement date are specified in different ways in various plan papers. It is generally accepted that a person has reached NRA once they reach the age of 65, while in other plans the NRA is defined as the later of the member's 65th birthday and their fifth work anniversary. (American Society of Pension Professionals & Actuaries, 2010)

Hours of Service: In order to ensure that your plan is in accordance with the "Internal Revenue Code and the Department of Labor," it is crucial that you verify each participant's service hours. All paid time worked, including vacation and sick time, is included toward these totals. This standard holds up rather well in practice. Eligibility, vesting, and other crucial factors all depend on a participant's hours worked this and/or last year. (American Society of Pension Professionals & Actuaries, 2010)

Years of Service: An employee has one year of service if they have worked 1000 hours throughout a 12-month period. Both the vesting calculation and the eligibility check for the contribution allocation need this information.

Leave of Absence: The "Internal Revenue Code" specifies a leave of absence as 12 months in which the employee does not provide any services for the firm and in which the employee does not work more than 500 hours in the plan year. For the purposes of identifying eligible participants and establishing when they will become vested, the word "qualified" is defined in the plan instrument. (American Society of Pension Professionals & Actuaries, 2010)

Highly Paid Employees: Workers who hold ownership in the company or who have already reached the pay cap for the year are considered high-paid or compensated workers:

- 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).

Employees that are not well compensated: The term "Non-Highly Compensated Employee" (NHCE) refers to any worker who is not a "Highly Compensated Employee".

Requirement of Eligibility: Eligibility requirements vary for each plan, but often include being at least 21 years old, having completed at least one year of service, and enrolling every other year or every other two years. All forms of donations might have the same or different entry criteria.

Entry Date: The most important aspect of a plan's allocation procedure is determining a participant's enrollment date. An employee is counted in all tests beginning on his or her "entry date," which is the first day on which he or she is eligible to make plan contributions and receive matching contributions from the employer. The plan document details how often participants are required to record their plan information. It comes in a variety of forms, including:

- Immediate: The participant receives entrance on the day the prerequisites are met.
- Monthly: On the first of each month.
- Quarterly: On the first day of each quarter, such as January 1, April 1, July 1, and October 1.
- Dual: Semiannual entry dates of January 1st and July 1st.
- Discretionary: The plan sponsor may set a certain entrance date at their discretion.

Name	Date of Birth	Date of Hire	Entry date
X	10/15/1990	07/12/2015	01/01/2017

Y	01/09/1997	08/06/2018	01/01/2020
Z	03/06/2000	09/08/2021	01/01/2023

*Dates are following in the USA format.

Vesting: When an employee retires or leaves the firm, they are allowed to take any vested balance with them. Vesting is governed by a set of regulations. A participant must work 1000 hours every year in order to become vested for that year, and this must be maintained until the member is fully vested. Money contributed by the employee (via Deferral, Roth contributions, or Rollovers) is always fully vested; the regulations governing vesting apply only to the employer's contributions. Cliff vesting and graded vesting are the two main forms. The six-year-graded and three-year-cliff vesting regimes are the most common. This is how the 6-year vesting schedule looks like an example:

1st year – 0%

2nd year – 20%

3rd year – 40%

4th year – 60%

5th year – 80%

6th year – 100% (ASSPA, 2010).

Testing: The United States' retirement programs place a premium on thorough examination. Retirement plans at companies must meet all requirements to qualify for tax breaks from the federal government. Which encompasses:

- ADP test
- ACP test
- Top Heavy test
- Average Benefit Percentage test

- IRC Coverage test
- General Test
- Gateway test, etc.

Allocation: TPAs do allocation each year on behalf of their customer, the retirement plan holder. The Allocation accounts for everything from input to dissemination to testing and beyond. In addition to numerical computations, this also entails the gathering and analysis of reports.

3.3.2. Background of the Bangladesh Retirement System

The pension system in Bangladesh was originally established by the government in 1972. At first, the pension was calculated as an average over the previous 36 months. In 1974, pension payments began being based on a set percentage of the final salary received rather than the average salary over the previous 12 months. Sixty percent of the final payout was the maximum pension amount. In 1977, pension regulations were updated to reflect changes to the family pension and gratuity; the maximum pensionable amount was subsequently established at 80% of the basic pay. At long last, pension approval procedures for government workers were simplified by legislation in 1994 (Alam, 2018).

There are different types of pensions:

- Superannuation Pension: Minimum service requirements 25 years and 90% of the preceding month's salary
- Retiring (Forceful) pension, Optional/Voluntary Pension
- Invalid Pension
- Family Pension
- Gratuity and Commutation
- Benevolent Fund
- Group Insurance
- General Provident Fund

- Medical Allowance, Festival Allowance
- Lump Grant/ Leave encashment (Alam, 2018)

Only government workers are eligible for the aforementioned pension and retirement benefit plans, which are likewise not particularly well structured or controlled. However, the government does not impose any standards on workers in the private sector.

3.4. Methodology

It took three months to compile the data for this study. The focus of this study was purely descriptive. Therefore, both primary and secondary data were used to compile this study's findings. A combination of methods was used to compile this data. In addition, credible print and digital secondary sources were consulted.

Primary Sources

- Conducting interviews with experienced personnels were conducted during the internship time at Data Path Ltd.
- Data and information gathered from the Self-work experience at Data Path Ltd.
- Survey Conducted over a moderate sample size.

Secondary Sources

- Reports from last year's completed plans.
- Relevant research articles and publications on the 401k industry in the United States and Bangladesh's retirement plan policy.

3.4.1. Interview

The Assistant General Manager of the BPO department of Data Path Ltd. and one of the Team Leaders of the same department were interviewed to know their opinion as they are working for the US Retirement Sector in Bangladesh for years now. The interview portion of this study

was vital since it was crucial to grasp the perspective of the participants. It was believed that they had the knowledge to support this study in every means; also, they could provide their valuable suggestions to improve the retirement sector of Bangladesh. There were two separate sessions with each of them. I got a detailed understanding of the retirement policy and procedure of the US, also information about the Bangladeshi Pension as they are also part of Bangladeshis working system. They also provide me with some key pieces of information which can be used to get a structured retirement system in our country.

Name	Company	Designation	Contact
M. Shahadat Chowdhury	Data Path Ltd.	AGM	+8801717205365 hchowdhury@data-path.net
Zahidur Rahman	Data Path Ltd.	Team Leader	+8801797-539800 zahidur@data-path.net
Tahasin Ali	Data Path Ltd.	Assistant Team Leader	+8801818-643332 tahasin@ data-path.net

Table 2: Key Informants

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
Required in the public and private sectors in equal measure.	Only public servants are eligible for the pension; private sector workers must depend on the benefits offered by their respective employers.
Very stringent rules from agencies like the Internal Revenue Service, ASPA, etc.	The government only intervenes in the pension plans of government workers.
A different Third-Party Administrator (TPA) handles the retirement plans of an organization.	The Bangladeshi government's Ministry of Finance handles pensions for government workers. In the private sector, the provident fund is managed by the employee's employer.
Each plan must pass specific nondiscriminatory requirements to ensure that lower-paid workers are not unfairly treated.	There are no non-discriminate tests or such things.
Each plan member is fully informed of the whereabouts, investment strategy, and balance of his or her account. The IRS mandates a 3- or 7-day time frame for employers to deposit funds into the RK.	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.

<p>Anyone eligible to participate may elect to postpone whatever amount they see fit.</p>	<p>Regular monthly contributions are required from all employees.</p>
<p>Employers make contributions to all participants via strategies like "Matching," "Profit Sharing," and others. Employees and participants in a Safe Harbor Non-Elective plan may still receive employer contributions even if they do not make any contributions during the plan year. In addition, the employer and employee cannot both put in the same sum.</p>	<p>The employer contributed the same percentage of money as the employee, and it is fixed every month.</p>
<p>Distributions, or cash outs, are a right that workers have upon leaving their current employers or retiring. Because of government oversight, there is no possibility of failure to receive payment.</p>	<p>Bangladeshi employees often struggle to get the money when they retire in both the public and private sectors.</p>
<p>When an employee leaves one company for another, he or she has the option of taking all of his or her retirement savings in cash or rolling them over to the new employer's retirement plan.</p>	<p>Employees cannot take their money with them to their new jobs and continue their accounts.</p>

Table 3: Comparison of Retirement Provident Fund between US and Bangladesh

3.4.2. Survey Data Analysis

The survey was conducted within private sector employees to get to know what the benefits are they are getting from their current organization for their old age, how secure they are feeling with the benefits provided by the organization, and thoughts regarding how a better retirement system in Bangladesh can be developed considering the Retirement Provident Fund of the USA. The sample size of this survey was 39.

The result of the survey is discussed below:

I. Years of Service in the current organizations-

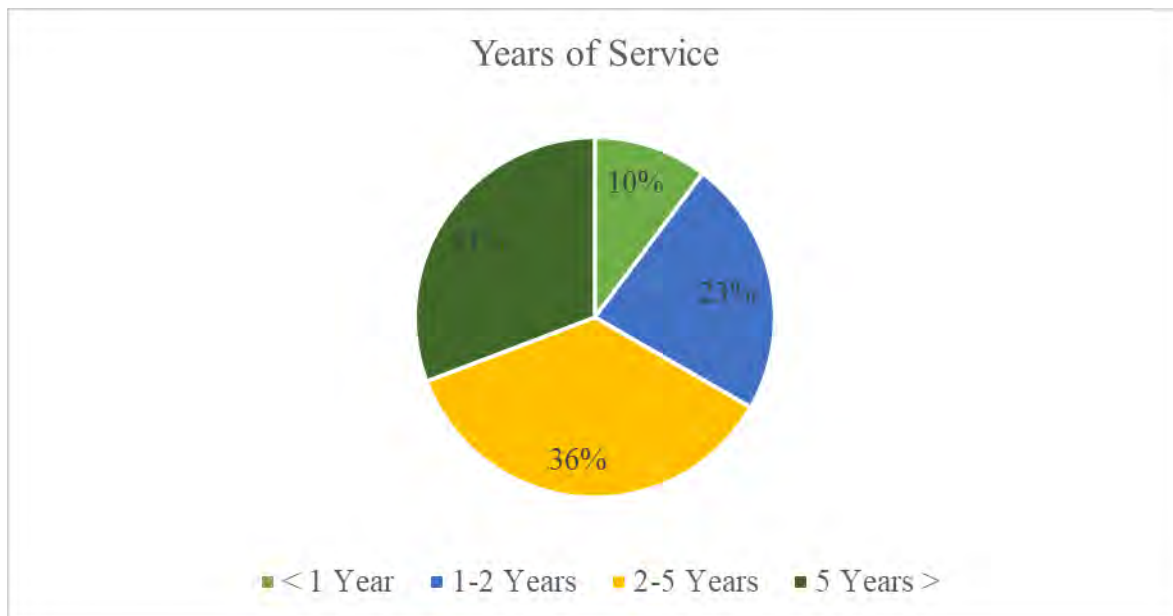


Figure 2: Years of Service

In the sample, 14 out of 39 participants were of the group of 2-5 years, 12 were working for any private organization for more than 5 years, 9 employees were working for 1-2 year and the remaining 4 people are in the group of who are employed for less than a year.

II. Does the Organization Provide Retirement Benefits-

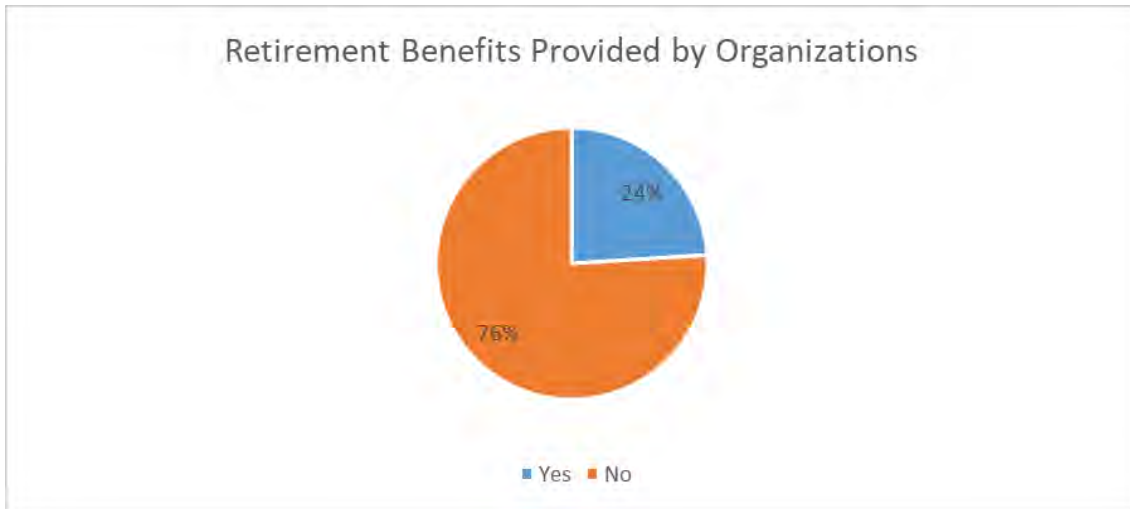


Figure 3: Retirement Benefits Provided by Organizations

Although most of the private organizations have provident fund facilities, many organizations do not do so.

III. Transparency about the Money



Figure 4: Money Transparency

IV. Satisfaction of the Current Retirement System of Bangladesh

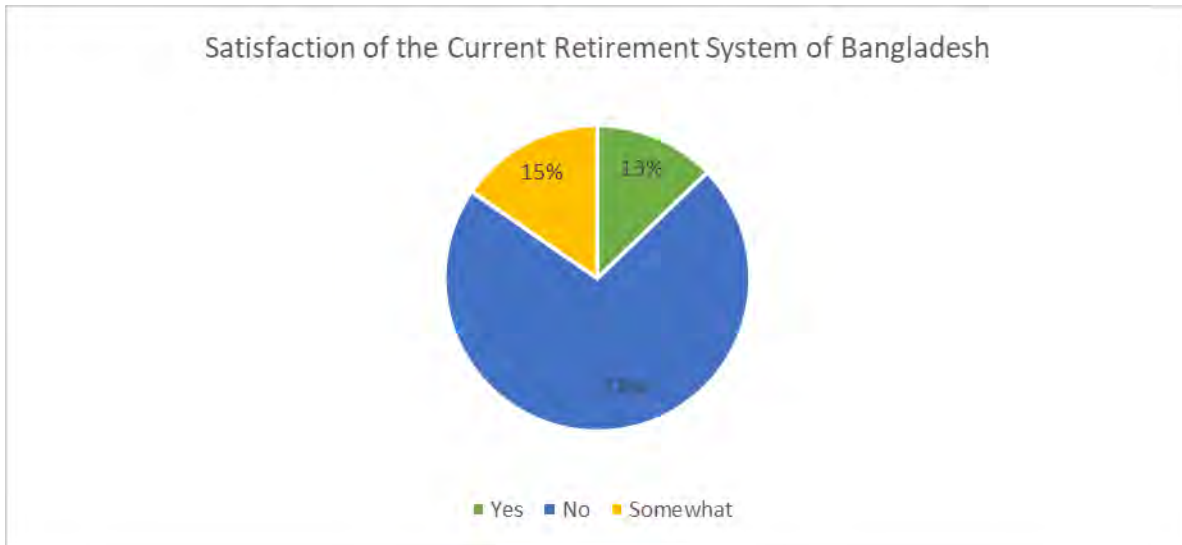


Figure 5: Satisfaction of the Current Retirement System of Bangladesh

In this case, 5 participants are happy with the current provident fund system in Bangladesh, 6 people somewhat accept the current system with no dominant opinion and the rest are dissatisfied. It shows there is a chance to improve in this sector.

V. Government Intervention in the Private Sector

In response to the question whether government should intervene in the private sector, most of the employees of the private sector think retirement benefits should be taken care of by the government as the government employees' pension.

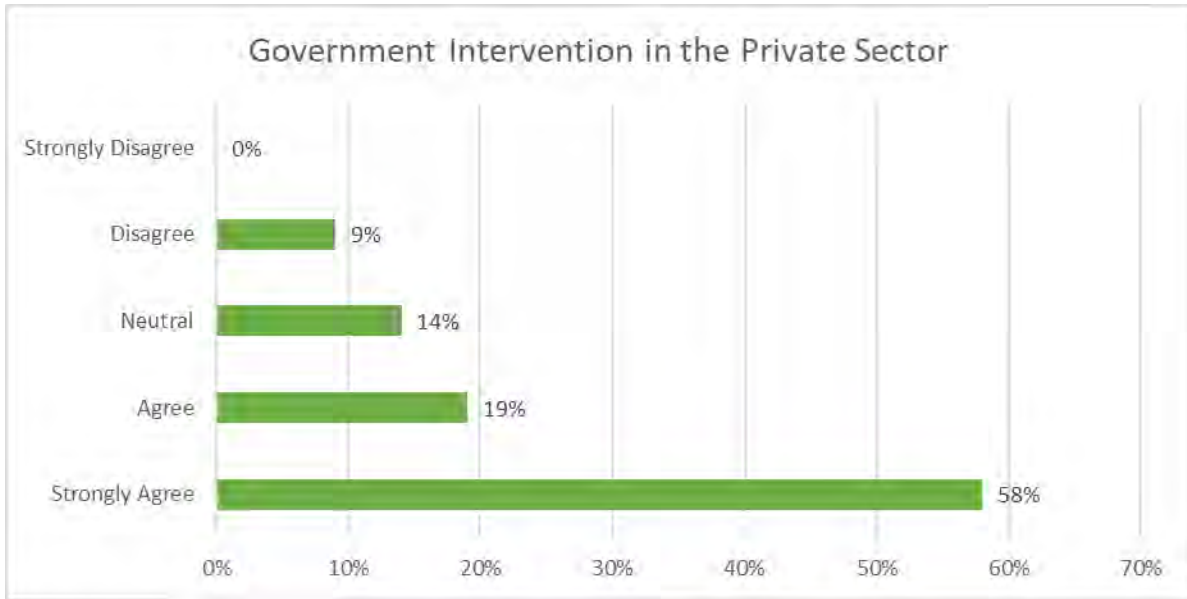


Figure 6: Government Intervention in the Private Sector

VI. Employees opinions on accepting Retirement Plan Procedures that are followed in USA-

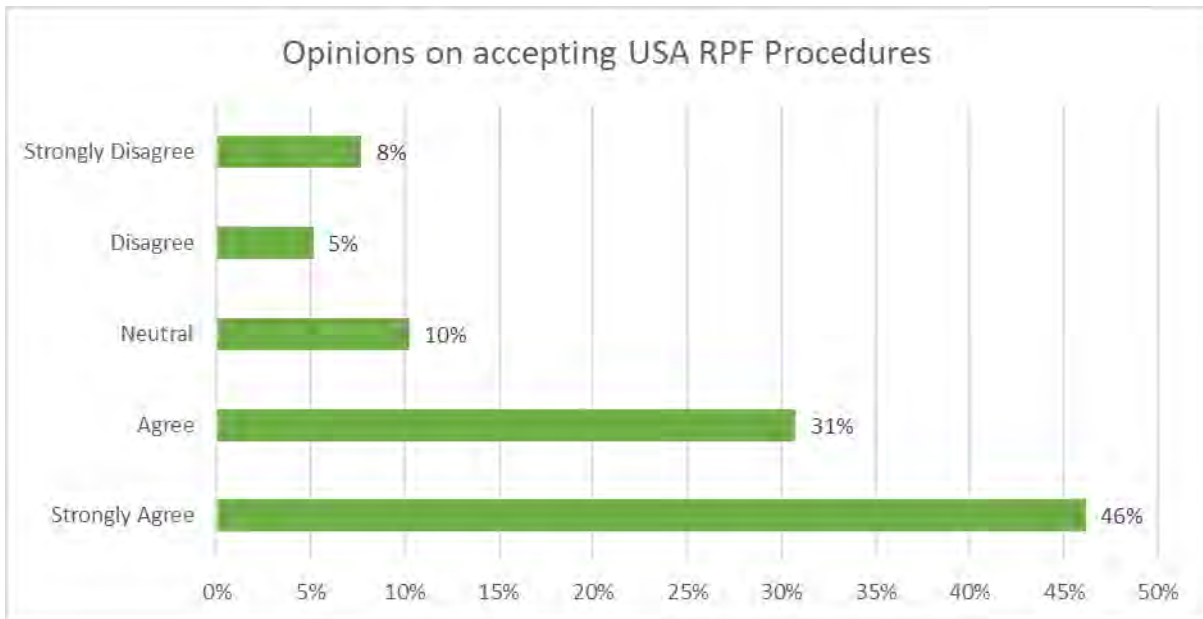


Figure 7: Opinions on accepting USA RPF Procedures

Most employees who know about USA RPF procedures and benefits strongly agree about accepting, very few disagrees, and some remained neutral.

3.5. Findings

After the insightful research result the findings are as follows:

- The United States has a retirement policy that is unique in Bangladesh, based on ASPPA, DOL, and IRS requirements. The government of Bangladesh has a pension program for government employees, but no dedicated organization is working to develop a pension strategy.
- The IRS has audited the plan's valuation, while CA has audited the plan's financial reporting, which includes obligations and assets. The IRS also audits Form-5500. In Bangladesh, pension funds are not effectively monitored and administered. As a result, in the case of the pension system, concerns about fraud and transparency arise.
- In the private sector, most firms do not have a policy of uniform retirement, where the worker receives a gratuity upon retirement. It does not provide employees with financial stability.
- Bangladesh government imposed a pension program that is almost same for all state employees. The amount of the pension is decided by the company's employee status. Those with higher designations earn a larger pension, whereas those with lesser designations receive a reduced pension. This pension amount is unaccountable for employees with lower designations because their payout is much smaller than that of employees with higher designations. As a result, discrimination emerges in Bangladesh's pension policy, unlike the retirement policy of the United States that has specific anti-discrimination rules to prohibit discrimination between the NHCE and HCE.
- In the United States, the employer's annual contribution limit and deferral limit are increased in accordance with changes in the inflation rate so that people may deposit more money into their pension fund and earn more in return during their retirement

years, whereas in Bangladesh, the government sets the amount of pension that is unfavorable on all employees.

- In Bangladesh, a worker's earlier service is lost, and they are no longer entitled for a pension if they are laid off or dismissed from their employment due to misbehavior, bankruptcy, or incompetence. Employees who are terminated in the United States get their contributions in full, under federal law. Their years of service will be used to determine their contribution share till the date of termination.
- In Bangladesh, only government workers are eligible for pension benefits under the law known as the "Public Servants' Rules." They have financial worries since private sector workers are not allowed to use the facilities.
- The private sector in Bangladesh does not put its provident fund money into successful investments.

3.6. Recommendations

The experience I have gained while working at Data Path Ltd. has allowed me to see and investigate issues in a new light. Although money problems are not uncommon in the United States, the effects on a family with no one to help them when they are elderly and no longer able to work are catastrophic. The following suggestions were derived from a comparison of the retirement systems of Bangladesh and the United States:

- Every government department has a pension plan. For pension policy, a third-party authority is preferable. It is vital to construct a structured pension plan to alleviate the load, and consequently, Bangladesh may develop a trustworthy and responsible organization.
- Not every employee has access to contingency funds. The government should give extra tools or incentives to employees to encourage them to contribute to the contingency fund. A solid retirement strategy is vital. To prevent discrimination between high- and

low-wage workers, the government of Bangladesh should apply unique requirements to high-paid personnel. With the proper contribution and delay ratios, the HCE-NHCE gap may be readily bridged.

- Like in the United States, the government of Bangladesh might provide tax breaks to private enterprises who provide retirement plans to their workers.
- The retirement system should be rigorously regulated by the government.
- Businesses currently providing retirement benefits to their workers should be more forthcoming with details regarding the deductions they are making from their workers' paychecks.
- It is of the highest significance that the provident fund's money be invested wisely in the financial markets. The workers' pension funds would be increased to their full potential.
- If the government of Bangladesh were to put more regulations on the private sector regarding the retirement plan, it would likely have a profound effect on people's daily lives.
- To avoid unfairly penalizing employees on lower salaries, retirement programs should use a different set of criteria for eligibility.

3.7. Conclusions

A thorough examination of the Bangladeshi pension system and four months of work experience in the American retirement business have made it abundantly evident that the Retirement Provident Fund of the United States has much to teach its counterpart in Bangladesh. The retirement system in the United States is a good example, but we don't have to copy it exactly. Instead, we may learn from their system and create one that works better for our people.

3.8. Research Limitations and Directions for future researcher

Data Path Ltd. works with highly confidential data for the clients and both Data Path Ltd and July Business Services have strict privacy policies to protect clients' information. As such, I faced restrictions on many levels. For example, I was restricted to demonstrating the plan processes in software. I was even restricted to writing the names of the other TPA clients except for APA and APS. I had to submit my final report to the HR and make changes upon receiving feedback before submitting the report to the university.

In future, research in this topic can be carried forward as Bangladesh lacs a proper pension system and there is a broad room for improvement.

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Appendix A.

Survey Questionnaire:

1. What is your Name?
2. What is your email address?
3. In which organization are you currently working?
4. For how long you are working in your organization:
 - < 1 year
 - 1-2 years
 - 2-5 years
 - 5 years >
5. Is there any retirement benefits provided by your organization?
 - Yes
 - No
6. Is your organization completely open about what they do with the money they withdraw from your pay for the provident fund?
 - Yes
 - No
7. Are you satisfied with the current retirement policy and retirement benefits offered by your organization?
 - Yes
 - No

8. Do you believe the government of Bangladesh should be worried about the retirement/pension of persons working in the private sector as well as the public sector?

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

9. Would you like to get retirement plans in Bangladesh where you can contribute up to a certain limit and your employer contributes on your behalf using different methods that are mandatory and regulated by the government regardless of your service sector, and your money is invested in the right place so that you get the most benefit out of it?

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree