

**Report on**  
**“Comparison of Retirement Plan between Bangladesh & U.S.A.”**

By

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18304019

A report submitted for the fulfillment requirement of degree for  
Bachelor of Business Administration

To

Riyashad Ahmed

Assistant Professor

BRAC Business School

BRAC University

December 2022

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## **Declaration**

It is hereby declared that

1. The internship report submitted is my 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 have acknowledged all main sources of help.

### **Student's Full Name & Signature:**

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### **Supervisor's Full Name & Signature:**

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Riyashad Ahmed

Assistant Professor

BRAC Business School (BBS)

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## Letter of Transmittal

Riyashad Ahmed  
Assistant Professor,  
BRAC Business School  
BRAC University  
66 Mohakhali, Dhaka-1212

Subject: The submission of report of my Internship on the topic of “Difference between Retirement Plan of USA and Bangladesh”

Dear Sir,

It is my pleasure and honor to demonstrate the internship report that I chose to write as major element of my Bachelor of Business Administration program at the BRAC Business School in BRAC University. Over the last four months, I have done working diligently and finished my Internship at Data-Path LTD.

I was able to distinguish with both actual work and conceptual frameworks in the time of my Internship at Data-Path. Furthermore, the internship provided me with an excellent Chance to gain knowledge about business culture. I sincerely wish that you find the report useful and reliable. The report was composed in a brief amount of time because , I was intern there for only 4 months and a great deal of stress was in the workplace. As an outcome, there may be Some inconsistencies in the report. For that reason, I politely request for being considerate in this Regard.

I would like to sincerely thank you for every single your tips and guidance, something that I Anticipate continuing to getting in the upcoming times. At the meantime if you have queries Kindly let me know.

Sincerely yours,

---

Kazi Ishraq Ahmed  
ID: 18304019  
BRAC Business School  
BRAC University

Date: 4<sup>th</sup> January 2023

## **Acknowledgement**

I wish to acknowledge immeasurable grace and profound kindness of the Almighty Allah, the supreme ruler of the universe who enables us to make my dream in a reality.

My acknowledgement begins by thanking my honorable supervisor **Riyashad Ahmed**, Assistant Professor, BRAC BUSSSINES SCHOOL, BRAC University who has provided me with suggestions for making this final internship report and also provided me the format for preparing this final report. I would also like to express my sincere appreciation to him for his whole hearted support and guidance. It was a great pleasure to prepare the internship report on “**Comparison of Retirement Plan between Bangladesh & U.S.A.**” under his supervision.

I am also grateful to the management of Data-path ltd for selecting me for the four months’ internship program. The success of the study rests not only me but also on the contribution of all kind of employee of Data-Path ltd. My sincere gratitude goes to my internship mentor at Data-Path limited, **Sabrina Sultana Ma’am** for his very kind attention and assistance on the report.

The practical experience I have gathered will undoubtedly help me in future to build my career and I believe that this work experience has prepared me for taking up new challenges ahead in my career. I have tried my best to complete this internship in an efficient manner.

## **Executive Summary**

The procedure of creating retirement plans in the USA and Bangladesh is explained in this study in detail. And via doing a comparison analysis, I sought to determine how efficient and well-governed the US retirement industry is compared to how far behind and poorly organized Bangladesh is in this area.

The study begins by outlining the USA Retirement process. Even in cases of sole proprietorship, there are several distinctive characteristics of US retirement policies that make them so well-liked and frequently utilized by both governmental and non-governmental organizations. Government regulations, public desire to save, public right to information, contribution to the national economy, and contribution to the domestic economy are all reasons why this saving strategy is so well-liked. The US government is highly concerned with safeguarding retirees' rights and providing for their financial security throughout their retirement. Guidelines are provided by the Internal Revenue Service (IRS) and the Department of Labor (DOL) to help employers administer retirement benefit plans and offer retirement benefits to their employees. The retirement plan also enables the employer to save money on taxes on the company's profits.

The Bangladesh Retirement Industry is briefly introduced in the later section of the paper. Different disorganized and completely unstructured pension systems are present in both the public and commercial sectors. There are no adequate regulations for retirement benefits including gratuities, benevolent funds, housing provided by the government, group insurance, etc.

In the third chapter, I looked for significant differences between Bangladeshi and American retirement policies. Government regulations, citizen rights, economic participation, reliance, benefit amounts, and other factors also vary.

Finally, based on my results, I provided a few recommendations, such as the need for the government to be serious and concerned about defending retirees' rights. If the government modifies or reshapes the policy, it could be viable to use a structured approach. Bangladesh's retirement provident fund will benefit from this research as well.

## List Of Acronyms

TPA	: Third Party Administration
ACP	: Average Contribution Percentage
ADP	: Average Deferral Percentage
ASPPA	: American Society of Pension Professionals & Actuaries
DOL	: Department of Labor
ERISA	: Employee Retirement Income Security Act
IRS	: Internal Revenue Services
IRC	: Internal Revenue Code
RPF	: Retirement Provident Fund
SIMPLE	: Savings Incentive Match Plans for Employees

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## **Chapter 1 : Overview of internship**

### **Information of student:**

I am Kazi Ishraq Ahmed (ID: 18304019), a student of Brac Bussiness School, BRACUniversity. I completed my major on finance and minor in computer information management (cim).

### **Internship information**

Name of organization and department:

I have worked in data path ltd as a finance intern. Currently i am working in the record keeping department. The organization's headquarters is situated in ambon complex, 7th, 8th and 9th floor,99 Mohakhali commercial area, Dhaka-1212, Bangladesh.

The information about the supervisor:

Working in datapath has been a wonderful experience. Working there was allowed me to work with executive, Sabrina Sultana,as she huge knowledge about the industry in USA as it has allowed me to grow and understand the market better.

### **Scope:**

The term "scope" denotes the area in which the investigation must be conducted. This paper addresses the issues related to data-technique paths and administration of the pension plan. For my research, i specifically mention the pension plan's allocation division. People that work there, their knowledge, memos, and reports that have been set up all enable me to create the research report. The united states of America's retirement plan laws were also addressed in this research; however, changes to the laws may render the related provisions which might be outdated.

### **Broad objective & roles and responsibilities:**

the main objectives of this analysis are:

- To comprehend the Bangladesh retirement plan market and the American pension plan market.
- To comprehend in terms of the transparency and governance of their pension plan.
- To comprehend the method utilized by the manager to lessen prejudice between highly stipendiary employees and lower-paid workers while they are generating employer contributions
- To understand its applicability in Bangladesh and its possible gains and downsides.

**Methodologies:**

I have used both primary and secondary sources to compile the information for this research.

The primary sources:

- By observing the departments and questing the members
- Direct interaction with the various departmental supervisors.
- Gathered data & information from workers.
- Observations and experiences gained while working.

The secondary sources:

- Various articles, books, websites, etc. On topics like government departments, RPFS, and ERISA.
- Prior reports have been established.

Limitations:

- Because of security concerns, some relevant information and examples have been omitted. How much of an employee's salary is allocated would differed towards leader contribution or element of a formula is tied to that clients' utilization of Social Security Number (SSN). It is completely forbidden to take any work-related materials or customer information outside of the office.
- Lack of public knowledge and interest.
- It had been difficult to compel interviewees to give enough time for data collection due to job constraints.

## **Chapter 2: Organization Overview**

### **Introduction**

The act of outsourcing entails handing over the administration of or daily operation of an entire commercial operation to a third-party service provider. A documented contract between the supplier and the Clint organization outlines the services of transferring. According to the settlement, the provider receiving the production facilities from the client in the form of people who were to be transferred, assets, and other resources. For the specified time of the contract, the customer providing consent to purchase the services that the supplier would offer. Outsourcing is giving a third-party service provider control over the management or day-to-day operations of a whole commercial organization. The transferred services are described in a written contract between the supplier and the Clint organization. The means of production are transferred to the provider by the client in the manner of individuals, possessions, and other components, in accordance with the agreement. The client assent to pay the provider for the facilities or services during the term of the contract.

Many businesses are staying nimble in today's situation business environment which is driven by outcome and careful of assuring minimum cost by using outsourcing as a strategy to save a lot of time and money while ensuring revenue growth. For this reason, data-path (as an outsourcing firm) is completely committed to providing excellent services to support parent company which is named July Business Services of USA save expenses by reaching several important organizational objectives.

### **History:**

During the 1980s, Jim Hudson began specializing in pension plans while continuing his work as a licensed public controller. Jim has now come to be recognized as an expert in this highly specialized subject. He was personally responsible for creating and overseeing an expansive pension plan before its founding in 1994. Prior to specializing in the administration of pension plans, John Humphrey also started his career as an authorized public controller, offering tax advising services out of a large residence.

**Getting started:**

In 1995, July Business Services opened its doors to the public with just a small office suite and no clients. During the initial years, management tried to create strategic commercial alliances, hire important personnel, and establish corporate practices. The business's sales activities led to the development of crucial referral connections with financial advisors, investing firms, brokerages and financial firms. Over the early years, these connections facilitated moderate expansion. Jbs had five employees and over 250 pension plan customers at the end of 1996. Today's executive team has a combined forty years of business expertise, and its employees are tough professionals having credentials from top trade associations. In order to attempt to handle these plans quickly and affordably, it involves comprehensive sustainable plan management outsourced for major pension plan providers, along with conversions of significant numbers of remaining customer ties. It currently services over 3,900 retirement setups in 48 states. Data-path operates as a subsidiary office to give July Business Services with thorough operational support so that it can fulfill its goal properly.

**Vision:**

To become the greatest successful pension plan administrator in the United States of America.

**Mission statement:**

"Is to provide money advisors and plan sponsors with the ability to choose the pension plan option that best satisfies the needs of business owners and their employees by providing refreshingly responsive, impartial, and reliable set up style, administration, recordkeeping, and consulting that promotes retirement saving."

**Core values:**

Core values drive company-wide processes that ultimately help us achieve our mission, vision, and objectives (Jim Hudson, CEO, July Business Administrations).

It recognizes that success hinges on adhering to the following fundamental principles:

- Integrity
- Celebrate achievement
- Dedicated pursuit of excellence
- Adherence to particular people
- Inventive setup
- Correspondence that gets results effectively
- Accept variation
- Pay attention to the dynamical structure of star systems
- Merging exemplary management
- Attitude of optimism
- Progression based on performance driven
- Team work
- Abilities in technological field



## SWOT Analysis:

### Strength:

- Very few competitors in the market.
- When it comes to the business growth its very much steady and very low chance of losing the market.
- Trust is a very big factor as all work done is very sensitive and that's why the trust of the customer's in a huge plus point.
- Provide more affordable services than other American TPA companies
- Own software system with high tech security clearance which provides 100% assurance to the customers
- Providing all sorts of it based services.

### Weakness:

- Employees cannot be hired directly as the way company runs and the work which needs to be done everyone needs training
- Promotion is the weakest link of them all and that's why people are really unaware to this industry and ways of work
- As the service being absolutely new there is zero awareness about the company which puts it in a huge disadvantage.

### Opportunities:

- Providing huge amount of job opportunity in the Bangladeshi market.
- Working different type of financial institutions and banks all over the world also marking business plans , strategies to improve the service
- Promoting outsourcing in Bangladesh which might open up a bigger window of opportunities.

### Threats:

- In every industries there is a threat of new comers and in this case this industry in not being fully employed in Bangladesh there will be huge amount of new comers trying to take over the market.

- Promissory notes do not bind customers.
- This is not a very promising field for anyone looking for work in Bangladesh.

## **Team Building**

Data Path saw rapid expansion between 2008 and 2010, during which time it was joined by a wide range of influential individuals and institutions. Key Objectives Achieved by the Board of Directors of This Organization during This Time Period

- Developed Foundation for Employee Culture.
- Efficiency in service delivery has indeed been improved.
- Created a Brand-New Corporate
- Established Advisory Groups for Customers.
- Developed a Sales Force to Handle Allocation Personally.

July has formed strong ties with major specialist co-ops in order to deliver the best retirement administrations possible. Its combined efforts in administration allow it to provide members and customers full-service retirement plan administrations.

Mutual Fund Families: Through our strategic alliances, we are able to provide your clients with access to a wider range of investment options. Our common store partners offer excellent shared reserve project options, and July handles the whole arrangement administration and continuous valuation tracking.

Keeping tabs on things: We manufactured our connections to several major financial institutions including American Funds, MFS, First Mercantile, Hartford, ING, John Hancock, and others. Customers of Data-Path continue to reap the benefits of these connections in the form of increased project flexibility and convenient plan documentation tools made available via computerized systems.

## **SERVICES OFFERED:**

Many different types of subsidized family businesses, online member access, complete guardian services, financial counseling, and other vital arrangement aspects for retirement plan phases are all provided by its record-keeping partners. When you sign up with July, you can take advantage of these groups' comprehensive organization and consistency testing.

- designing new plans
- Administrative setup
- Different varieties of services

#### 1. Plan Design:

It makes it possible for retirement plans to serve the specific purposes of each company. Whether the end goal is to increase advantages for key personnel or to facilitate the registration and upkeep of representatives, this setup may be the best option for customers.

#### 2. Plan Setup:

The majority of administrations may use it to successfully organize retirement plans or switch existing arrangements to the present provider.

#### 3. Plan Documents:

It provides in-depth arrangement reports prepared by knowledgeable ERISA advisors. Capacities consist of:

- Prototypes and plans
- Submitted documents
- plans and its descriptive summary.
- Policies of different type of loans
- QDRO Procedure
- Other Required Forms

#### 4. Plan Setup and Conversion:

The dedicated arrangement team at Data-path gives support for all phases of plan arrangement or transformation. Among our administrations are:

- Get the enrollment materials ready
- the scheduling of enrollment meetings
- Paper work set up
- Submission procedure and its contributions

#### 5. Plan Operation Support:

Everything a consumer needs, including phone and email access to its consultants, is provided to help them estimate a plan more accurately. Included in its services are the following:

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

#### 6. Compliance Testing:

Its role as a record agent allows it to provide thorough consistency testing services to ensure that the customer's agreement is always valid. Some examples of incorporated test administrations are as follows:

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

#### 7. Tax Compliance

Experts from Information Way provide pre-filled expenditure reports for signing in order to fulfill all obligation documentation requirements. Among its services are the following:• Form 5500

- Form 1099-R and Form 945
- Form 5330 (when required)
- Form 5310 (for plan end)

#### 8. Recordkeeping:

Through their joint venture partners and July's daily value recording platform, Data-path and July provide essential recordkeeping services:

- Internet access
- Daily keeping trac of records and accounts
- Plan and its access
- Taking care of the quarterly statements

#### 9) Member services:

July provides members with excellent tools to prepare for and achieve a secure financial future through alliance organizations with companies that deal with money-related issues.

#### 10) Investment Advice:

Many retirement plans also provide access to investing advice and information that may be accessed online. Members' access to online business guidance improves their prospects of securing a comfortable financial future, which may reduce the trustee's involvement in the plan's administration.

## Organization Structure



*Source: Data-Path Ltd.*

### **Chapter 3: Difference between Retirement plan of Bangladesh and USA**

#### **Background Information:**

The Employee Retirement Income Security Act of 1974 (ERISA) was passed and signed into law on September 2, 1974. It laid the groundwork for future representative benefit legislation by establishing a comprehensive set of principles that applied to virtually all worker benefit plans. People frequently refer to the whole body of rules that followed and currently regulate representative benefit plans when they talk to ERISA, not just the original statute from 1974.

To keep up with the latest developments in the sometimes chaotic authoritative environment, effectively explain the progressing standards and their results to plan backers and members, and advocate for the best interests of retirees are just a few of the challenges currently faced by retirement plan experts in the context of the frequently changing qualified arrangement principles and guidelines.

Retirement pay planning is predicated on the assumption that all employees want lifelong financial security. Most employees foresee for a drop in income once they retire, but many want to offset this loss with savings and investments that will supplement company-sponsored annuity advantage plans and government programs like Social Security.

#### **Objectives:**

The primary purpose of this research is to analyze the 401(k) plan's operation in the outsourcing sector and to highlight the critical steps required in processing a particular client's plan.

#### **Retirement Plans in USA:**

There are just 3 kinds of retirement plan in USA:

1. Welfare Benefit Plans
2. Annuity Benefit Plans
3. Pension Benefit plan
  - Characterized benefit plan
  - Characterized Contribution plan

**DEFINED BENEFIT PLANS:****DEFINED CONTRIBUTION PLANS:**

Since separate records are kept for each participant, defined commitment plans are often called "individual record plans." Plans of this nature are indicative of the commitment made by the member and should be documented as such. For instance, the agreement's terms may provide that participants would each get 5% of the total commitment as a distribution. The agreement may also include a dollar sum, such as \$1,000, as the member's duty.

Model-Specified Contribution Amount. Mary is a visual artist at XYZ Company, where she receives an annual salary of \$45,000. Mary's yearly commitment assignment would be \$2,250 ( $\$45,000 \times 5\%$ ) if the contract required that the amount. Per the terms of the agreement, this sum will be included in her personnel file.

The member in a defined commitment plan bears the risk of investment because there is no required or guaranteed sum paid out at retirement. At the time of retirement or the close of business, the member will receive the complete benefit of the arrangement based on the value of their account as of that time (fulfill all obligations in addition to add up to profit). While the member's commitment amounts are being provided under the agreement with the expectation of appreciation, the success or failure of the endeavor is not assured and does not influence the outlay of funds by the business. Or, perhaps the company's duties demonstrate the extent to which it is responsible for the member's retirement income. As a result, the member will share in both the successful venture's profits and its setbacks.

**TYPES OF DEFINED CONTRIBUTION PLANS:**

Different types of specified commitment plans are available. Each participant in one of these programs has their own unique set of records. The member's official record will include a commitment amount as specified by one of these programs. In contrast to a defined advantage plan, the member in a defined contribution plan bears all the risk if the plan fails to produce the expected retirement benefit.

Various kinds of Defined Contribution Plans are:

- Profit Sharing and 401 (k) Plans;
- Safe Harbor (k) Plan
- SIMPLE Plans;
- Money Purchase;
- Stock Bonus and Employee Stock Ownership Plans;
- Other sorts of duty advantaged game plans.

## **AREPRESENTATION OF VARIOUS KINDS OF DEFINED CONTRIBUTION PLANS.**

### **PROFIT SHARING PLANS:**

In this scenario Workers may get compensation through a benefit sharing arrangement in the form of an offer in the company's profits, which was only partially generated as a result of their efforts. The company is free to use caution when adding money to the agreement each year and is not required to create a commitment based on real advantages. The agreement need only provide a specific calculation for distributing any commitment made to members; it need not expressly declare what much will be contributed each year.

Profit Sharing Allocation Model: For the current year, a firm contributes \$40,000 to its benefit sharing plan. A member will take part in the commitment to the amount of their pay in accordance with the assignment methodology. The member will get \$10,000, or 10% of the business commitment, if their individual income is \$50,000 and the total pay of all arrangement members who are entitled to take part in it is \$500,000

In this way, a company commonly decides on a benefit sharing plan for its employees since it has the flexibility to alter the amount according to its financial situation each year. If the business environment is not particularly productive and offers next to no perks, or if the compensation is necessary to cover other business expenses, the company may decide not to commit for a given year.



Even though the company has no firm annual commitment, the agreement will be considered terminated if the benefit sharing obligations are not large and continue on an ongoing basis. Although the level of the benefit sharing commitment is discretionary from year to year, the maximum amount that may be deducted on the firm's government form is 25% of the total qualifying salary overall.

#### 401 (K) PLANS:

Widespread corporate support exists for 401(k) pay deferral schemes as a method of encouraging workers to prepare for retirement and rewarding employees who display leadership at lower levels, as required by the Internal Revenue Service (k). Employers who provide "certified money" or "admitted pay" defined development action (CODA) plans to their employees may offer their employees a defined contribution retirement plan known more commonly by its Internal Revenue Code Section number, 401(k) plans.

Following are some of the several types of obligations that are included in 401(k) plans:

##### 1) Elective Deferrals:

By allowing employees to pre-deposit a portion of their income into the 401(k) plan through a CODA or similar arrangement, benefit sharing agreements allow workers to avoid paying taxes on the money they would have otherwise received as salary. However, these agreements may also be referred to as elective deferrals, worker pay deferrals, elective deferrals, or simply pay deferrals. Throughout this material, we shall refer to these commitments as voluntary deferrals.

The representative's current assessable pay is reduced by the amount of the voluntary deferrals added to the arrangement on a pre-charge basis for purposes of government and, for the most part, state annual cost considerations. Surprisingly, paying Social Security taxes (FICA) and Federal Unemployment Taxes (FUTA) later doesn't result in a lower tax bill (FUTA).

IRC 402(g) sets a limit on the aggregate amount of voluntary deferrals that a representative may make during a calendar year to any 401(k) plans in which the representative participates.

##### 2) Catch-Up Contributions:

Certain more seasoned members of the arrangement are expected to make extra discretionary deferrals known as "get-up-to-speed commitments." In order to make a get up to speed commitment for the schedule year, a member must be at least 50 years old as of the final day of that year. Make-up commitments have been sanctioned in light of shifting societal norms and the

increasing weight placed on the third prong of the three-pronged stool, the company-backed retirement plan.

To make up for time commitments that were not met, elective deferrals in excess of a material deferral limit are employed. When a newly qualified member approaches a statutory or contractual breaking point, the member may be required to make up for lost time by deferring some or all of their compensation. In one case when an elective deferral would be called a get up to speed commitment, the maximum amount authorized under the Internal Revenue Code, such as the maximum elective deferral point of limitation noted above, would have been supplied.

### 3) Designated Roth Contributions:

A 401(k) could recognize Roth responsibilities that have been assigned to it. A retirement savings plan is another choice available to workers. Assigned Roth contributions are considered elective deferrals in a 401(k) or 403(b) plan, with the exception that they are made on an after-charge basis.

Assuming the allocation is made after the member turns 59 1/2 and at least five years have passed since the first designated Roth contribution was deposited in the 401(k), the earnings from the Roth contributions will be dispersed tax-free.

When participating in a plan that permits members to assign their Roth 401(k) contributions to a third party, plan members will have the freedom to choose whether their elective deferrals will be treated as pre-charge elective deferrals or assigned Roth commitments, or any mix of the two (for example a part of the elective deferral is after-charge and a segment is pre-tax.). Assignable Roth contributions have the same maximum liability as elective deferrals made before charges were applied. The 401(k) plan will keep track of the assigned Roth commitments in a separate account from the pre-charge elective deferrals and any representative obligations incurred after the charge that are not assigned Roth commitments.

#### 4) MATCHING CONTRIBUTIONS:

In order to incentivize members to contribute more to the 401(k) plan in regard to elective deferrals, the firm may make coordinated commitments that match all or a portion of the representative's pre-charge elective deferrals and allocated Roth obligations.

Example: if an individual pays \$1,000 to a 401(k) plan, the company could put in another \$500 (or contribute \$.50 for every \$1 contributed by the employee). Knowing that its highest expense for coordinating commitments to the 401(k) plan is 3% of the salary of qualified members (half of 6% of pay), the business may make the proper expenditure arrangements for paying the business coordinate into the arrangement.

#### 5) NON-ELECTIVE CONTRIBUTIONS:

Since the CODA or 401(k) plan is a part of a benefit sharing arrangement, the employer may also choose to make an optional contribution under the terms of the agreement. Corporate contributions to 401(k) plans that are neither elective deferrals or coordinated contributions are known as "non-elective commitments."

Non-elective commitments made by a company's management must comply with the Internal Revenue Code by demonstrating that they do not disproportionately benefit highly compensated employees. This group includes business owners and executives.

### **SAFE HARBOR 401(K) PLAN:**

A safe harbor 401(k) is the same as a traditional 401(k), with the addition that the corporation must provide certain guarantees to each representative. The whole company's commitments under these programs automatically vest. It reduces the stress on managers by relieving them of some of the complicated administrative duties often connected with standard 401(k) programs. There are typically three forms of dedication provided by this contract:

- Basic Match
- Enhanced Match
- SH 3% Non-Elective

### **SIMPLE PLANS:**

Creating a savings account only managers with 100 or less representatives are eligible to adopt a SIMPLE, and the company must employ it as its principal arrangement. To better organize

qualifying arrangements for their clients, private businesses have recommended using simplified incentive match plans for employees (SIMPLEs). Any SIMPLE arrangement is excluded from the nondiscrimination test if the employer gives the required guarantees. Plans with the Simplified Employee Pensions and Leveraging Expenses (SIMPLE) brand should not be confused with SIMPLE plans (SEP).

#### **MONEY PURCHASE PLANS:**

An individual member may initially draw no distinction between a cash purchase plan and a benefit sharing arrangement because both are individual record plans. However, there are several distinctions. A cash purchase plan binds the firm to contribute a specific amount or level of the members' compensation to the arrangement each year, whereas a business may select each year what level of benefit sharing commitment it intends to make, assuming any. The commitment must be made in line with the minimum financial requirement set out in IRC 412, and the methodology for making that commitment is included in the arrangement record.

If the firm fails to fulfill its promise or satisfy a subsidizing requirement, a 10 percent additional penalty will be applied to the amount that was not contributed and the resulting insufficient base financing. As an addition to the required cash purchase commitment, this sum is included.

Therefore, managers should verify that they will have the ability to make the required contributions on a continuous basis when determining the commitment level for a cash purchase plan. In order to reduce subsidies, the commitment is typically due 8.5 months after the end of the arrangement year. For tax purposes, this date might be different from the commitment date.

Most cash purchase plans utilize a system equivalent to the commitment equation to assign members' commitments to their membership records. There is no requirement that they be identical. As an illustration, the commitment formula may be set at 5% of the aggregate amount of qualified pay earned by all participants in the arrangement. When the amount of the commitment for the year has been determined, it may be distributed among the members based on their age and service years, or in a manner that takes into account the Social Security taxes a firm pays for a member's benefit.

Tom invests \$30,000 with ABC Company, a proponent of a cash buy plan with a commitment equation of 10% of qualified pay, using the money purchase allocation model. ABC Corporation agrees with the cash buy proposal. The agreement's signature formula is the commitment equation. Sam's yearly payment would be \$3,000 (10% of \$30,000 is \$3,000).

The majority of the time, the business commitment recipe won't go above 25% of pay because it is the maximum finding limit for the business. Considering that benefit sharing plans also have a 25% maximum reasoning breaking point and offer flexibility in determining the amount of commitment to be made each year, one may wonder why businesses would choose a cash buy plan that would lock them into making a required and fixed degree of commitment each year. A first reliable argument would come from current and future representatives, who would likely be happier if they were given a set, annual cash buy commitment payout rather than having to deal with the risks associated with an optional benefit sharing commitment.

#### **STOCK BONUS PLANS:**

Employees who leave the firm may be eligible to receive shares as part of a stock incentive plan, which is a kind of profit sharing. An incentive scheme such as a stock bonus program may include discretionary commitment formulae. Board members might contribute either monetarily or through the donation of shares. Participants in the arrangement frequently invest their money in the form of stock purchases in the firm. Members who get distributions retain the option to sell their offers back to the organization for money at periods determined by the organization, even if the stock is not freely transferable.

#### **EMPLOYEE STOCK OWNERSHIP PLANS (ESOPs):**

Employee Stock Ownership Plans (ESOPs) can be either a stock incentive plan with a commitment formula or a mix stock incentive and cash purchase plan, with the latter two types requiring the minimum financing sum to be contributed as or used to acquire company shares. An ESOP can be established for a specific provision of a contract, such as a stock investment in the company under the 401(k) provision of a benefit sharing contract. To be considered an ESOP, an agreement or component thereof must be structured to materially increase the firm's obligations (principally is commonly translated to mean an over half venture).

The capacity of an ESOP to obtain cash to acquire business shares is a fundamental differentiator between a standard stock incentive plan and an ESOP. Proof that the ESOP loan is safe can be found in the proposals submitted. After that point, the ESOP's financial obligations are treated as credit reimbursements by the firm, and when payments are made, offers that have been freed from their position as advance insurance are assigned to the individual records of ESOP members.

Motives for establishing an ESOP include the tax deductibility of future gains from ESOP additions and the conviction that workers would eventually become investors in their companies.

The goals of an ESOP are to facilitate the transition of management duties to the company's representatives, create a market for privately owned manager shares, and increase the company's revenue stream in order to finance its growth.

#### **BASICS OF PLAN DESIGN:**

A company should consult its accountant, legal counsel, and retirement plan expert when deciding what kind of qualified arrangement will best meet the needs of the company and its employees because of the many legal, financial, bookkeeping, internal asset the executives, and duty implications surrounding the organization of a certified retirement program. The HR staff's input ought to be valued.

The company will first consult a retirement plan consultant after recognizing the immediate value of bookkeepers and attorneys. The retirement plan expert's major role is to free up management time for the organization to determine the best possible arrangement structure for its needs. By explaining the differences between the various plan kinds and gathering thorough information about the organization, a retirement plan expert may help an arrangement support navigate the maze of elements influencing the selection of a recognized arrangement.

#### **CONTRIBUTIONS AND DEDUCTIONS:**

##### **1) CONTRIBUTIONS**

The commitments and distributions section of a report outlining a commitment strategy will include detail the criteria for evaluating both required and optional pledges. Advocates of benefit sharing plans, for instance, value intricacy in the computation of benefit sharing obligations made annually, if any, whereas proponents of cash purchase plans may prefer a more straightforward equation. Contributions to benefit sharing schemes typically surpass the value of the benefits distributed thus far. To learn how the support will determine its benefit sharing obligation, one must carefully review the agreement record in such a circumstance. The arrangement report will include any arithmetic necessary to coordinate 401(k) plans for company.

## 2) Deductibility of Employer Contributions

Managers often expect and desire that their arrangement obligations be deductible under the Internal Revenue Code, and there are a number of factors that impact the deductibility of such promises. It is standard practice for a retirement plan administration firm to supply the support with commitment information so that the support's responsibility consultants may verify deductible amounts and commitment due dates.

### **Vesting:**

#### Vesting Rules:

When discussing a member's account, the term "vested" refers to the portion of the account that would be paid out to the member at a distribution event, such as retirement or any other situation when the Internal Revenue Code or ERISA would permit the arrangement to pay benefits. This is the portion that belongs to the member. Managers often provide employees full access to performance reviews after they have served for a predetermined period of time. As a result, the reward for the continued management of the arrangement support is a steadily increasing degree of responsibility for retirement benefits provided by that support arrangement.

#### Applying a Vesting Schedule:

The percentage of a member's account that is vested is calculated by multiplying the member's record balance (for defined commitment plans) or benefit sum (accumulated benefit) (for defined advantage plans) by the vesting rate associated with the member's credited long periods of service.

### **Full Vesting:**

According to ERISA and the IRS, full vesting, also known as 100% vesting, must be granted upon reaching the normal retirement age of the plan. At the time of retirement, a participant will be completely vested regardless of whether or not they have accrued the requisite number of lengthy periods of administration under the arrangement's vesting timeline. Additionally, the arrangement archive will highlight how qualifying plans typically, but not always, provide for complete vesting upon the member's death or incapacity.

#### Testing:

The evaluation bonus is contingent on the plan's performance across many metrics. The Top-Heavy Exam is a critical assessment. The proposal must also be compliant with the least

inclusion test. Base inclusion requirements in qualified plans are laid forth in IRC 410. (b). In order to ensure that all HCEs and NHCEs have a fair shot at benefiting from the plan's success, plans must carefully establish its eligibility and cooperation requirements. Qualified plans are not allowed to favor HCEs over NHCEs by providing them with larger advantages. If this were to occur, the validity of the agreement itself would be called into question.

However significant the advantage to those guaranteed might be, the arrangement would still be in violation of preclusion under the Internal Revenue Code if the criteria of least inclusion were not met. Compensation that is disproportionate to the benefits granted to other plan members is prohibited under the Internal Revenue Code for eligible plans to make special arrangements for participants. Qualified 401(k) plans must annually demonstrate that the provisions of the plan do not allow highly paid employees (HCEs) to contribute more of their income before or after taxes than the law authorizes.

### **MINIMUM COVERAGE TEST:**

To meet the capability criteria, an arrangement or independently tested arrangement segment must pass both of the following tests, as specified by the inclusion leads.

#### **Ratio Percentage Test:**

For the arrangement to satisfy the percentage rate test, the percentage of NHCEs who profit from the arrangement must be at least 70% of the percentage of HCEs who gain from the arrangement.

Inclusion testing may exclude out some potential employees (excludable representatives). These items are:

- Currently employed workers who are too young or lack the paperwork to join the arrangement
- There was good faith bargaining for retirement benefits if less than half of the union representatives are the owners, officials, or administrators of the bosses covered by the arrangement, and less than 2% of the union representatives are highly compensated professionals who provide services to the businesses covered by the arrangement.
- Reps let go who otherwise qualified but worked less than 500 hours and had no financial gain from the agreement during that year (ended members).
- Employees that met the criteria and were still on the payroll as of the arrangement year's last day (dynamic representatives).



Representatives who were let go but still satisfied the qualifying standards (terminated members) by logging more than 500 hours of work within the contract year (regardless of whether they profited).

## **BASIC PLAN DOCUMENT LANGUAGE:**

### 1. Compensation:

In the benefit and commitment or part areas of an arrangement report, the definition of compensation is often mentioned. Compensation for advantages and commitments sometimes includes a member's total remuneration. In any event, plan participants are free to include or exclude certain pay components, such as moving expenses and voluntary deferrals, as long as the final definition of pay does not unfairly favor employees who are paid more generously. As a result, supporters have some flexibility in limiting the qualifying compensation that the arrangement will utilize to compute benefits.

### 2. Eligible Employees:

Starting with the definition of employees and qualified representatives, it is possible to identify those representatives who are allowed to participate in the arrangement or who are secured by it, as well as those who are not included. For instance, the definition of "worker" typically indicates that all representatives—aside from non-occupant foreign nationals without a U.S. source of income and employees covered by an aggregate dealing agreement, such as association representatives—are qualified to participate in the arrangement. The phrase qualified representative often means that a worker who satisfies the requirements for qualification and who fits the definition of a worker is a qualified worker. These definitions occasionally appear in the qualification and support sections of the arrangement record rather than the definitions segment because of cross-referencing to qualification assurance.

### 3. The Budget and Financial Year:

Both the arrangement year and the monetary year will be mentioned in the definitions section of the arrangement record. These times may not always coincide. For example, since they must provide employees with W-2s, comparative evaluations, and accounting files on a schedule year basis, managers may use the schedule year as a financial year for administrative simplicity. They can use the schedule year as the arrangement year for ease of

organization, allowing them to provide information on the arrangement within the same timeframe as the company filings.

#### 4. Normal Retirement Date and Age:

Some authors of plan archives distinguish between the definitions of normal retirement age and regular retirement date, while others combine the two into one. Ordinarily, the phrase "ordinary retirement age" refers to a specific age, such as 65, or a set age and administration period, such as 65 and the fifth anniversary of the member's first enrollment in the arrangement.

#### 5. Working Hours:

Every approved agreement must include a description of "extended periods of administration" since it must comply with Internal Revenue Code and DOL requirements. For every hour they are paid, employees often accrue or gain extended periods of administration, which may include time for vacation, special occasions, jury duty, illness, or military leave. The utilization of the agreement also displays the number of hours necessary to complete the qualifying, vesting, and commitment assignment requirements throughout the arrangement year, if applicable.

#### 6. Year of services

The term "year of administration" has a few commonly used definitions. The most well-known is defined as a period of consecutive years during which the employee has either worked or is eligible for payment after having clocked at least 1,000 hours of management. The year time frame will generally be identical to the arrangement year in order to rearrange vesting counts and the percentage of obligations since this ensures that all members' administration will be approximated over the same year.

#### 7. Leave of Absence

Since it affects qualifying and vesting year calculations, the arrangement archive should be examined for terminology relating to a gap in administration. Depending on Internal Revenue Code requirements, a one-year gap in administration is often a time period compared to the previous year in which a member doesn't complete more than 500 hours of administration. A year of severance is a year during which a representative is not employed if the plan anticipates administration using slid by time.

#### 8. Highly Compensated and Key Employees:

This idea relies heavily on the statutory definition of a highly compensated employee (HCE).

Representatives who fulfill either the possession or compensation requirements might be considered HCEs.

#### 9. Compensation Test:

Earning more than \$100,000 (as recorded for 2018) during in the year means a representative passes the pay test. The pay considered is the employee's entire remuneration, which includes qualified transportation incidental perks and any voluntary deferrals such as those to 401(k) plans and cafeteria programs. See below for a synopsis of the applicable constraints, including those that pertain to the salary evaluation, that apply to the various arrangements.

#### 10. Voting for the Highest Paid Team:

The corporation may require that the representative not only meet the wage threshold, but also be in the top five percent of earners inside the organization. The company must include the race, also known as the highest paid gathering decision, in the arrangement record or revise the arrangement report to incorporate the race. If you utilize the highest paid group race in your analysis of 500 owners, nothing will change. When figuring up how many people to count as part of the top 20 percent, the following employees may be left out of the tally. Those who have not completed a half-year's of administration at the end of the year;

- Those who put in less than a full year's worth of labor on a yearly basis;
- Those who put in less than seventeen percent of a regular workweek; and
- Those younger than 21 years of age.

#### 10. Non-Highly Compensated Employee:

A non-HCE employee is a representative who earns pennies on the dollar (NHCE).

#### 11. Key Employee:

The agreement document must also include sections that explain the top-substantial requirements for eligible programs. Top-substantial plans are ones that are thought to benefit primarily a group of participants known as important employees. As a result, these plans must adhere to unusual requirements with regard to vesting and minimum commitments or benefit accumulations.

A significant worker is any representative or former representative who, throughout the testing period, is a 5% proprietor, 1% proprietor, or a includible official for top-substantial testing purposes.

a) 5 % Owner: A 5% owner, as we discussed in Chapter 2, is defined as any employee who directly or indirectly claims more than 5% of the company while paying little attention to compensation.

b) 1 % Owner: In this context, a "1% proprietor" is defined as any employee who directly or indirectly owns more than 1% of the firm and earns more than \$150,000 per year. To our knowledge, there is no documentation of this restitutionary jail.

c) Includible Officer:

If a representative's stated annual pay in 2018 was \$145,000 or above, they are likely a high-Level employee. In this method, no more than 50 officials can be recognized as key Representatives, with the most prominent three workers or 10% of the workforce being Recognized in the absence of the top 50. This means that not all government officials are Considered when identifying crucial representatives.

d) Compensation:

In both the HCE guarantee and the key representative assurance, the employee's whole Remuneration is considered, including any voluntary deferrals (to 401(k) plans or cafeteria Plans, for example) and eligible transportation incidental amenities. A 5% shareholder would Have the dual roles of highly compensated executive and key staff. Due of the financial Benefits associated with having 1% ownership and an official position within the definition of Important representation, there will likely be more HCEs than key employees.

## **SOME IMPORTANT TESTING DEFINITIONS:**

### 1) Deferred Compensation

It is the percentage of a member's total remuneration that has been contributed to the arrangement in line with the member's deferral rate that is referred to as "conceded compensation."

### 2) Elective Deferrals

Elective deferrals are the changes the firm makes to the agreement based on the member's stated deferral preferences. It's worth noting that if you combine conceded compensation with voluntary deferrals, you end up with the same total.

### 3) Non-elective Contribution

With the member's best interests in mind, the firm gives this sort of guarantee. The term "non-elective" is used to describe a characteristic or feature that does not need a user to make a selection. An allotment of benefits is an example of a non-optional requirement for the member.

### 4) Excess Deferrals

The 2019 maximum representative commitment has increased to \$19,000 from \$18,500 in 2018. Whenever possible, your 401(k) will incorporate your after-tax contributions to a Roth IRA as well as any voluntary worker compensation deferrals you've elected to make (k).

### 5) The Surplus of Total Donations

When an arrangement fails an ADP test, it incurs additional tax liabilities and must take corrective measures in accordance with the Internal Revenue Code.

### 6) Extra Total Donations

If an arrangement fails an ACP test, it must fulfill a variety of obligations under the Internal Revenue Code.

## **TEST OF ACTUAL DEFERRAL PROPORTION (ADP):**

The actual deferral rate (ADP) test can be used to determine if high-compensation employees (HCEs) are devoting an excessive amount of their income to the arrangement. Members who have been assigned Roth liabilities can make after-tax contributions on their own accord. Usually, people will voluntarily wait before incurring any fees for doing so.

## **ALLOCATION:**

An independent director's yearly duty for a retirement plan client is to make a designation. Data-Path and July Services carry out allocation while keeping the aforementioned factors in mind. Multiple reports containing the following data are included in this project.

- **Census Reports:**  
Details on each representative, such as their eligibility, plan passage dates, vesting administration periods, pay, and more may be found in the enumeration reports.
- **Contribution Report:**  
All of the contributions made by and distributed to each member of the qualifying arrangement are detailed in the commitment report.
- **Summary of Accounts:**  
The commitment report specifies the amount of contributions made by and disbursed to each participant in the qualifying arrangement. Trust Accounting: This report provides an overview of the exchanges for the overall arrangement at the arrangement level.
- **Compliance Tests:** In addition, the report documents the agreement's conformity with certain IRS Regulations by including the results of a few crucial tests. In order for a plan to keep its tax-exempt status, it must fulfill these rigorous requirements.
- **Allocation Letter:** The client received a single letter that summarized the findings from many investigations. Here, the commitment instructions are written to inform the client of the precise amount that will be distributed to the associate.
- **Daily Recordkeeping Memo:** This signal tells the record manager where to find the member's over supported adjustments and from whose record to move the record adjustments..

## Bangladesh Retirement Plan Sector

### BACKGROUND:

The world's aging is a typical wonder that happens throughout time. It considers the proportion of the population that is over sixty and older. Bangladesh is experiencing a worsening of the issue. As a strategy for government-managed savings and care for the old, the industrialized nations built senior homes, geriatric clinics, maturity entertainment centers, and many other public and private support systems for the elderly. With the development of human services and the expansion of the future, it is becoming a significant issue in emerging nations like Bangladesh. Bangladesh's senior population has been steadily growing over the course of the last several decades. By and large, 6% of the population, or 9 million people, are above the age of. One in ten persons, or 18 million people, will be above the age of one by 2025.

According to the 2001 Bangladesh Population Census, the numbers of elderly people by sex and age groups were as follows:

Age Group	Both sex (in million)	Male (in million)	Female (in million)
60-64	2.84	1.62	1.32
65-69	1.48	.89	.62
70 +	3.32	.17	1.52

In the upcoming years, the topic of old consideration will be brought to light because to the pattern of older people living longer lives.

Verifiable trends and projections of the population's aging indicate the following intriguing developments:

Year	Total Population in Bangladesh (in million)	% of elderly people above 60 in Bangladesh
1980	88,223	5.22
1985	99,374	4.92
1990	1,09,464	4.85
1995	1,18,618	4.88
2000	1,29,145	5.12
2005	1,40,576	5.49
2010	1,51,769	6.04
2015	1,61,530	6.84
2020	1,70,174	8.11

The percentage of Bangladeshi citizens aged 60 and over peaked in 1980 at 5.28% but had fallen to 5.11% by 2000. In 2020, the percentage of adults 65 and older will rise to 8.

Due to the lack of a government-managed savings system, the aging population in Bangladesh has become a serious social burden. This is also true of other developing countries. In a country like Bangladesh, where there is already widespread poverty, limited healthcare services, and no government-managed savings, the aging population poses serious challenges. Families are the primary source of care and assistance for the elderly. Most Bangladeshi retirees are in desperate straits due to a lifestyle characterized by hardship, bad health, and social isolation. In their youth, the residents of this country risked everything to build the modern period, but now they are old, ignored, and destructive.

In 1972, the government of Bangladesh made unexpected changes to the benefit limits. As a result, compensation adjustments were made largely based on the most recent year's compensations rather than the most recent three years' compensations, as was the case under the previous system. In 1974, annuities began being paid out based on a predetermined proportion of the retiree's final pay rather than their average annual wage. The maximum payout was equal to 60% of the employee's pre-tax wage.

In 1977, new annuity criteria were developed in order to make modifications to family benefits and gratuity; these regulations specified a maximum benefit value of 80% of the recipient's basic pay. Administrative authorities' annuities were endorsed according to standards and guidelines approved by the government in 1994.

## **TYPES OF PENSION:**

### 1) Compensation Pension:

Government workers who lost their employment as a consequence of the legislature's decision to scale back on certain workplaces or organizations in order to retain their financial sustainability are eligible for this compensation.

A pay annuity for previous management might be promised by an administrative hireling. She either receives a new role or is moved to a different foundation. The easiest way to offer these advantages is to create a list of the representatives who will, at the very least, be leaving their positions as a result of legislative action. The most significant feature of this problem is that the



lawmakers' salary has to be increased in order to invalidate their stance. Once more, the pay for the politicians in this process must exceed the whole value of the benefits that will be provided.

According to this practice, a representative cannot promise any annuities if they are fired from their position after the specified period of time has passed. Annuities or pay stipends are not transferable for the loss of any extraordinary remuneration. If a teacher or other representative is let go from the postal service in addition to their regular duties, they will not be entitled for unemployment compensation. The legislature should be notified whenever a worker's official duties change so that it can determine the proper compensation annuity or tip payment based on the situation.

- The issue must be brought before the legislature for consideration if a representative has two posts and is required to resign from one of them due to the cancellation of another, or if the expert plans to retire.
- If a necessary notice is provided for a period of less than three months in the case of the preservation of long-term employees, proportionate compensation must be paid for the portion of the notice that is less than three months.
- If a representative is rehired and wants to reinstate payment, they can do so by raising the matter with the expert. However, a short-term employee cannot do so.

## 2) Invalid Pension

In all likelihood, the administration will award an invalid annuity to a representative who has become permanently mentally and physically incapacitated. If an employee in Bangladesh demands an invalid annuity prior to reaching 57, the employer's management must approve the request based on the physician's recommendation notwithstanding the representative's protest, following Bangladeshi administrative norms. A worker who receives an invalid pension while on leave overseas will be compelled to appear before the Bangladesh International Safe Haven Medical Board there.

- An accepted application for invalid benefits, along with recommendations from the appropriate Medical Board and important archives, will be required from the employee. If a worker who needs to take a treatment test for a deficit cannot make it to the Medical Board in Dhaka, the Board will be convened wherever the worker or the worker's representative can make it.

- To receive an invalid annuity, a representative must submit a concise statement to the Board or the health inspecting medical officer, detailing the employee's treatment options.
- A representative who is younger than 57 must draft a medical statement for benefits that aren't legitimate. The explanation of the concerned representative's ineligibility for employment due to seniority must be included on the testament.
- Illegal benefits aren't allowed in several circumstances. For instance, even if a representative provides medical documentation, benefits won't be granted if that representative is terminated from service for another reason.

### 3) Superannuation Pension:

A municipal official receives superannuation benefits when they are forced to quit at a set age set by the law. The Public Service Act of 1974 established an age limit for this situation. After reaching the age of 57, a representative must retire from the government. The legislature recently increased the retirement age for judges and state-funded college professors to a number of years. An important issue with this annuity is that determining a person's actual age might be difficult if they don't have access to their exact date of birth.

### 4) Benefits for Retiring Individuals/pension:

It is the law of the land that a municipal official who has served for 25 years can be removed from office at any time and without reason if the legislature deems it necessary in the public interest. However, no other recognized expert may use this power. In most cases, a subordinate delegating expert will recommend to the appropriate service that an employee resign after 25 years of service. As for the resignation of gazette officials, the President of Bangladesh would be consulted on the subject.

### 5) Optional Pension:

Any community worker with 25 years of service may resign from administration at any time, with the only stipulation being that they give 30 days' written notice to the designated expert. The legislature will surely approve of the alternative in this case, because it would be against the law for it to do otherwise. Such a decision, however, is final and cannot be changed after it has been made.

#### 6) Family Pension:

A family benefit is a type of annuity paid out to a deceased person's heirs. While remaining in office, a municipal official can name at least one family member as the successor for all or part of the family annuity. If the dead retiree's spouse or another family member is unavailable to serve as the beneficiary, the retiring employee's last controlling specialist will make the decision. It's important to remember, though, that the regulations for family annuities change based on who is selected.

### **PENSION IN PRIVATE SECTOR:**

Annuity and retirement benefits are only available to persons who have worked in the legislative branch, a parasternal organization, or as a local expert. Those working in the commercial and agricultural sectors, however, do not have access to any sort of annuity plan. Workers who migrate across international borders are not entitled for benefits. Recent estimates have the number of people employed in agriculture at over 20 million, making it the nation's single largest economic sector. As was previously said, this industry accounts for close to 40% of global GDP. Rangers offer a variety of services, and this area also covers farming and raising animals, raising monsters, and fishing.

Those who have worked in the legislative branch's administration, in a parasternal organization, or as a local expert are the only people who are qualified for an annuity or retirement benefits. However, there is no annuity system in place for people working in the commercial and agricultural sectors. Workers who are temporarily in the country are not entitled to any benefits. The most recent numbers suggest that almost 20 million people make their living in agriculture, which accounts for about half of all jobs in the country. In the preceding paragraph, I mentioned that this industry accounts for close to 40% of global GDP. Rangers, farmers, ranchers, and anglers are all included in this sector.

Industry employs around 19 million people, or roughly 48% of the total labor force. About 26% of Bangladesh's gross domestic product may be attributed to the commercial sector. Industry expanded at a pace of almost 9% in 2002-2003, exceeding agriculture growth of 4.11 percent. All organizations and groups operating on a national scale are part of the business sector. The employees of these companies are not eligible for retirement annuities other than a little amount of gratuity.

Without benefits, retired employees and their families would have to make tough choices about their future. The effects of age on their minds and bodies are well documented. They seldom work again after retirement. They and their dependents (their wards) continue to struggle financially as they become older.

#### Leave Preparatory to Retirement (LPR)

It's okay in the eyes of a former municipal official who resigned. This leave's duration may extend beyond the retirement date, but not beyond the age of 58. Upon completion of this leave, the retiree's retirement will be effective even if it was taken before the retirement date. In the event that the retiree has accrued earned leave prior to LPR recognition, that leave will be carried over and paid out at the rate of one year's salary for each year of unused leave.

#### Gratuity:

After completing 25 years of pensionable service, the administration allows the departing employee to receive up to 80% of the retiree's remittances as a straight tip. Eventually, a local official who resigns is allowed to receive a gratuity in place of the 50% of his gross pay that he or she is required to forfeit at the rate of Tk 200 for each taka. Additionally, s/he is allowed to forfeit the remaining half of his/her gross earnings at a rate of 100 for every taka.

#### Government Accommodation:

In the case of the resigning employee's death, retirement, or mandatory retirement, he or his family may remain in the location of his choice. If the allottee who resigned as representative dies while still in office, his or her family will be allowed to continue living in the settlement for a long period, subject to specific limitations beginning on the day of the allottee's death.

#### Benevolent Fund:

A representative's family is entitled to a store award from the generous reserve based on the scale indicated in the schedule for a length of time, often years, in the event that the representative dies while in office or within five years of the date of superannuation.

#### Group Insurance:

The Gathering Insurance Agency was established by legislation. In addition to class III and class IV representatives, all workers must contribute to the Fund at the allowed rates. This is managed by a Board of Trustees. Each member of management might appoint someone else to access the reserve fund.

In the unfortunate event of an administrative employee's death, the Fund will make a one-time payment to the surviving family members. The amount of this aid will be determined in the same

manner as the representative's two-year compensation, based on the representative's final salary. Nonetheless, Tk. 100,000 is the maximum sum that may be expected.

### **Non-qualifying administration:**

Pensions are not available for all transparent administrations. Only pensionable administrations are able to provide benefits to their employees. In many cases, those who get compensation from the legislative body's general revenue leader are also entitled for pensions after they reach retirement age. Some of the non-eligible governments are mentioned in the following. Administrations that receive compensation from regional independent organizations, trust funds, nationalized associations, or through commission and fees are not eligible for pensions.

If the employee is not assigned to a position after the administration's probationary term has ended, the probationary period will not be included as pensionable service.

On the grounds of weakness, any community worker performing employment after the formation of medical authentication will not be eligible for annuity.

The prior administration is terminated and ineligible for benefits upon offering renunciation.

If a community worker loses their administrative position because of a crime, debt, or deficit, whatever past administrative experience they had is considered appropriated and will not be used for calculating their annuity.

### **OLD AGE ALLOWANCE PROGRAM:**

It has been brought to light that the benefits system, which is primarily designed to help a small number of persons employed by government and semi-government organizations, does not cover a sizable portion of the elderly who work in agriculture, industry, services, or international trade. These few government employees care deeply about maintaining a certain amount of job security based on seniority.

The great majority of adults are living in abject poverty, with the exception of those who get financial help from their own families. The Old Age Allowance Programmed, implemented in 1998, is the first time the government openly cared for the old.

The program provides monthly payments to the elderly who are unable to work due to physical limitations and to the destitute women of the country. In 1997 and 1998, around 403, 110 retirees were given a total of Taka 125 million, or \$100 per month. From 2002-2003, 750 million Tk were sent out to 4,99,662 seniors and retirees at a cost of 125 Tk per month as seniority remittance. Between 2003 and 2004, one million people were given 1800 million Taka, or \$150 per month. In 2004-2005, the government of Bangladesh awarded 2603.7 million Taka to those

65 and above. Ten seniors (5 men and 5 women) from each ward of a certain organization receive the money all around the country.

It's important to recognize that the aging population is a rising social issue due to improvements in healthcare and overall life expectancy. Similar to governments in affluent nations, the government of Bangladesh is growing increasingly concerned about the welfare of its elderly population. Recipients of the Old Age Allowance report feeling more confident in themselves, their families, and society as a whole after receiving this benefit.

A variety of factors, such as (a) age, (b) average yearly pay, (c) health level, (d) financial condition, (e) consumption across a variety of categories, and (f) land ownership, are used to determine who will be the beneficiaries and rising stars. The above lessons do not qualify for the maturity stipend.

## **NON-GOVERNMENT INITIATIVES**

The Bangladesh Association for the Aged and Institute of Geriatric Medicine are the two most important non-governmental organizations in Bangladesh dedicated to the well-being of Bangladesh's aging population (BAAIGM). There are 48 locations in Bangladesh. The Association, which has been helping the elderly since its inception in 1960, has many different departments and programs to offer its clients. These departments and programs include human services administrations, recreational and financial activities, a geriatric medical clinic with 50 beds and services for the neurotic, 50 senior housing units, entertainment and library programs, professional training, and distribution and research executives. priorities for elders and younger patients in the rehabilitation process.

### **Resource Integration Center (RIC)**

RIC provides elderly people with network-based housing, finance, and rehabilitative services. Some recent initiatives include hotel awards, an older adults club, a daycare emphasis, monthly perks, and assistance with memorial services. Credit initiatives assist more seasoned individuals in becoming financially independent and self-sufficient as well as in assuming love-worthy prominent roles in the network. Credit strengthens women's careers, particularly when they have greater needs for financial support. With the assistance of Help Age International, they also provide protective and curative service administrations (HAI). Following up with patients at home demonstrates the effort and referral mechanism that doctors use.

### **Service Center for Elderly People (SCEP)**

SCEP, a Rajshahi-based NGO, has been providing aid to the aged since 1994, when they first adopted the phrase "A Care for the Generation." Wellbeing management and recreational opportunities are provided to those aged 60 and up to improve their mental and emotional health. Listening to the radio or television, reading newspapers or magazines, playing indoor games, and other similar pastimes are some of the current options for senior participants in the SCEP. The registered seniors have regular checkups on Fridays.

Findings

### **Requirements of Government Retirement Plans:**

Numerous pension options are available from the United States Department of Labor. Each and every non-governmental organization, not just the aforementioned administrative groups, must have such a strategy in place. Retirement plans must be accessible to sole proprietorships as well. There are laws in place in Bangladesh, but they are not always enforced.

### **Peoples want to spare:**

Putting money away for retirement is a necessary if you want to live well in old age. They view these debts as opportunities to put money to work for them. In the past, they have always donated the same amount of money. Their agreed-upon remuneration at the time of retirement or termination would be significantly boosted by benefit-sharing.

### **Rules for Highly and Non-Highly Compensated workers:**

No more than the maximum allowable proportion of the HCE's salary can be contributed by the HCE to the arrangement. The United States can control the degree of proximity between HCEs and NHCEs in this way. Both HEC and NHCE report no issues with Bangladesh's retirement system.

### **Employees ideal to know:**

Any arrangement's members maintain the right to know how their contributions are being used and from what sources they are benefiting. Not only that, but the US has strict requirements for making concessions and obtaining promises so that members have a clear understanding of how much they would get at retirement. For the average worker in Bangladesh, it is incredibly difficult to consider retirement finances.

**Impact on the country's economy:**

Financial resources accumulated via retirement programs are invested in a wide range of opportunities, the majority of which are traded on stock exchanges. Due to the widespread availability of retirement plan coverage, both the total accumulated amount and the total received through contributions are sizable. In the end, the economy wasn't all that invested in providing for our retirement security.

**Effect on the national economy:**

There is a huge labor force in the United States that serves several companies throughout the country. Moreover, they have safety nets in the form of pension plans. Under these conditions, everyone is free to give what they can to the progress of their country.

**Increase Self-reliance:**

At this point in their lives, they are no longer dependent on their offspring. They can't even fathom the idea of being a family together. Money and other benefits are the primary means through which individuals are induced to submit. A resigned individual in Bangladesh will often rely on their offspring.

**Age limit:**

The limit is established at 65 and a half years old. At that time, they have 100% ownership. A program for retiring early has been in place for quite some time now.

**Government and Private area:**

Benefits framework is mostly used in taxpayer-funded institutions in Bangladesh. The public servants' guiding principles decide on benefits-related disputes. In private associations in Bangladesh, the retirement approach is inappropriate. Still, there is no evidence of any solo proprietor adopting a retirement strategy.



**Insufficient sum:**

Retiring solely based on age leaves retirees exceedingly helpless and unprotected. Individual retirement benefits are woefully inadequate since the government does not share in either the earnings or the benefits of businesses. The Old Age Allowance Program was recently implemented to provide financial support for the country's older population that do not have access to an annuity. Despite the limitations, this is a promising start toward protecting the vast majority of seniors who now lack access to security through annuities.

Discordant benefit arrangements exist in several administrations.

In some governments, only certain employees are eligible for pensions. Only pensionable administrations are eligible for benefits. The general income leader in the administration often approves annuities for persons who get their pay rates from them upon retirement. Trust funds, nationalized associations, local self-government organizations, commissions, and expenditures do not support pension plans.

**Repatriated employee:**

A community worker's previous employment is often forfeited and they are not eligible for benefits if they are fired or removed from their position of employment owing to poor behavior, bankruptcy, or weakness. Expelled representatives in the United States are still expected to behave ethically. Regardless of their actions about the benefits subsidies, they will receive the allotted share of the commitment through the termination date.

**Employee on Suspension:**

If a community worker is temporarily removed from his or her position due to an accusation of misconduct, is later reinstated in that position, and any pay that was withheld during the suspension period is returned, the time of the temporary removal will not be checked or taken into account for benefits. There may be a long suspension period. They are not prepared at that moment to offer extra perks.

**Lacking in responsibility:**

The money they are donating or saving away is stored in a bank account for good fortune. This sum supports a number of different initiatives. Nobody seems to care how or where their cash is being spent. They are given a certain quantity of enthusiasm according to their financial allocation.

**No Scheme for Private companies:**

In Bangladesh, the private sector is where you'll find the vast bulk of the workforce. Workers in the private sector have their own unique retirement benefit scheme. Once they retire, all they get is a stipend. They are not subject to any government annuity rules.

**Methods for Retiring Without a Particular Organization**

In Bangladesh, the office in charge of the pension system does everything on its own. No other organization has been granted permission to employ this method, despite the fact that every company in the United States relies on a third-party administrator..

**Requirements:**

Nobody but authorized government personnel and railroad executives knows about it. An administrative worker is able to resign after 25 years on the job or upon reaching the age of 57. Voting eligibility in Bangladesh is age 60, although those who are considered intellectuals or political opponents must be at least 65. If you've been a manager for 25 years, you can retire early.

**The Whole Organization Follows the Same Set of Regulations:**

Since governmental ideals are shared by everybody, it is intended that these standards should not vary from organization to association. It doesn't matter if there will be benefit sharing or coordination. Actually, they are not very clear with these terms. Business representatives are not given the option to switch offices or approach whatever is offered to them. In the USA, the boss chooses the strategy design.

**Transparency:**

US retirement schemes are simpler than those in our country. Both the employees and representatives over there consider their retirement status on a daily basis. However, due to organization, it is quite difficult to discover the actual situation in Bangladesh.

**No recordkeeping organization:**

Many record managers for retirement plans are employed in the US. In any event, Bangladesh does not have a record-keeping agency.

Types of commitments:

In the United States, managers and agents are permitted to make a variety of promises to retirees. Match, profit sharing, non-elective donations, and so forth are all examples. However, it is uncommon to discover a firm business commitment in Bangladesh.

Tax Return:

It is expected of US citizens to regularly fulfill their obligations to the government. Cash from retirement plans is exempt from duty calculations. Therefore, the US government has established a large number of guidelines for this. Bangladesh also requires government forms, however actual circumstances differ from those needed by law.

**Government Involvement in Auditing:**

It is expected of US citizens to regularly fulfill their obligations to the government. Cash from retirement plans is exempt from duty calculations. Therefore, the US government has established a large number of guidelines for this. Bangladesh also requires government forms, however actual circumstances differ from those needed by law.

**Conclusion:**

According to studies of IRS rules, the American retirement benefit plan advises citizens to set aside funds for their golden years. Even still, Bangladesh's retirement savings system is plagued with problems. Effective industry operation requires that organizations take measures beyond their capabilities. The arrangement's support team has reporting obligations to the IRS and DOL for a wide range of retirement advantage plans, with due dates that vary depending on the kind of plan. Sadly, there are no political figures or organizations in our nation who will stand out for workers' rights. However, if we were able to alter the current system, it would be a great victory for the entire country. As a result, the American retirement benefit plan is engaging in their financial transaction, which in turn stimulates the stock market and the economy as a whole. It is hoped that this research would help improve Bangladesh's pension system for the elderly.

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