Report On

“Retirement Security Through Provident Funds: A Bangladesh USA Comparison ”

By

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Student ID: 20204046

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

BRAC Business School

BRAC University

July 2025

Declaration

It is hereby declared that

1. The internship report submitted is my own original work while completing my 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:

Riya Saha
20204046

Supervisor's Full Name & Signature:

Saif Hossain
Assistant Professor, BRAC Business School
BRAC University

Letter of Transmittal

Saif Hossain

Assistant Professor,

BRAC Business School

BRAC University

Merul Badda, Dhaka-1212

Subject: Submission of Internship Report

Dear Sir,

I am delighted to tell you that I am finishing the report I have been working on during my internship at Data Path Ltd. It is an important part of my studies for acquiring the Bachelor of Business Administration degree. While I was an intern at Data-Path Ltd., I have learned a lot of things that I am including in this report. While being at Data-path, I have learned a lot more about the 401(k) industry. This would help me because I could gain self-confidence and try harder toward my future goals.

My goal was to write this report in line with your directions. Thank you very much for your support; the paper would not have come together without you. I hope you will take my report into consideration and help me to finish my degree, thanks to your kindness.

Sincerely yours,

Riya Saha

20204046

BRAC Business School

BRAC University

Date: July 2025

Non-Disclosure Agreement

Being a student at BRAC University, I have a contract that enables me to access and use any information from the organisation needed for my internship report. (Retirement Security Through Provident Funds: A Bangladesh-USA Comparison)

My organizational supervisor I work with at the company has allowed me and guided me in how to collect and present the data and information in this report about 401k plans. I am glad that I was able to add the information to my report.

As part of the internship, as a BPO intern at Data Path Ltd. I must produce a detailed report as well as a presentation. The person in charge of the organisation strongly advised me not to use any sensitive information while working. No changes can be made to the agreement unless both parties sign and agree to them in writing.

Line Manager's Full Name & Signature

____

Md Fazle Momen Mahmod
Senior Manager
BPO (Genesis), Data Path Ltd.

Student's Full Name & Signature

____

Riya Saha

Address: BRAC University, Merul Badda, Dhaka 1212.

Description of the report: (Retirement Security Through Provident Funds: A Bangladesh-USA Comparison)

Acknowledgment

Working on this report on time was possible because God blessed me to gain the necessary skills and the strength to do my best. I could not have achieved the honorable BBA degree without the expert’s help and advice, so my internship met with success.

First and foremost, I want to sincerely thank Saif Hossain, my esteemed academic supervisor and an assistant professor at BRAC University, who has guided me during this internship, offered advice, and consistently supported me. Additionally, my co-supervisor, Riyashad Ahmed, an assistant professor at BRAC University, is also deserving of my gratitude for reviewing the report and making all the required changes.

Moreover, I am grateful to the senior manager of my organisation, since he gave me helpful guidance and support all the time. Furthermore, I want to thank Luna Ahmed, my team leader, for continuously pushing me to learn about American retirement plans. I could not have done this without the help of my colleagues. I really value the strong and continued support they provide. I got to learn new things about the sector over the three months I spent at Data Path Ltd., which was special because learning never really stops.

I am pleased to be able to mention my appreciation here for my parents and all the contributors to BRAC University for their unconditional belief and help, which has always inspired me.

Executive Summary

This report explores retirement security through provident funds by comparing the systems of Bangladesh and the United States. The objectives were threefold: to understand the structure and functioning of provident fund systems in both countries, to identify similarities and differences, and to recommend reforms for Bangladesh based on U.S. best practices.

The methodology relied on secondary data from legislative documents, financial reports, and expert opinions. Key findings reveal that while the U.S. system is well-regulated, inclusive, and diversified—offering plans like 401(k), Roth contributions, and employer matching—the Bangladeshi system is largely limited to public sector employees, with minimal private sector regulation and coverage.

The research highlights Bangladesh's lack of retirement planning for private and informal sector workers, inadequate legal frameworks, and limited fund portability. In contrast, the U.S. system provides legal protection, tax benefits, portability, and financial transparency. Recommendations include adopting defined contribution plans, allowing voluntary contributions, improving legal oversight, and providing digital access and financial literacy programs. These reforms are essential to build a sustainable and inclusive retirement system in Bangladesh.

Keywords: Retirement Planning; Provident Fund; 401(k); Bangladesh; USA; Pension Reform

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- ACP - Average Contribution Percentage
- ADP - Average Deferral Percentage
- ASC - Actuarial Systems Corporation
- BPO - Business Process Outsourcing
- ERISA - Employee Retirement Income Security Act
- HCE - Highly Compensated Employees
- IRC - Internal Revenue Code
- IRS - Internal Revenue Service
- JBS - July Business Services
- NHCE - Non-Highly Compensated Employees
- RPF - Retirement Provident Fund
- TPA - Third Party Administrator

Glossary

- **AUDIT Plan:** It is a type of retirement plan that has more than 120 participants.
- **Eligible Employees:** Those employees who fulfil all the requirements to get entry in the plan.
- **Highly Compensated Employees:** A highly compensated employee is someone who has shares in the organization or who has received more than the remuneration cap in the previous year.
- **Participants:** They are the employees of a company for whom the retirement benefit plan is created.
- **Plan Year:** It is the year in which the retirement plan is assessed.
- **Vesting:** The employees can take the amount they are vested in when they leave the company or retire.

Chapter 1

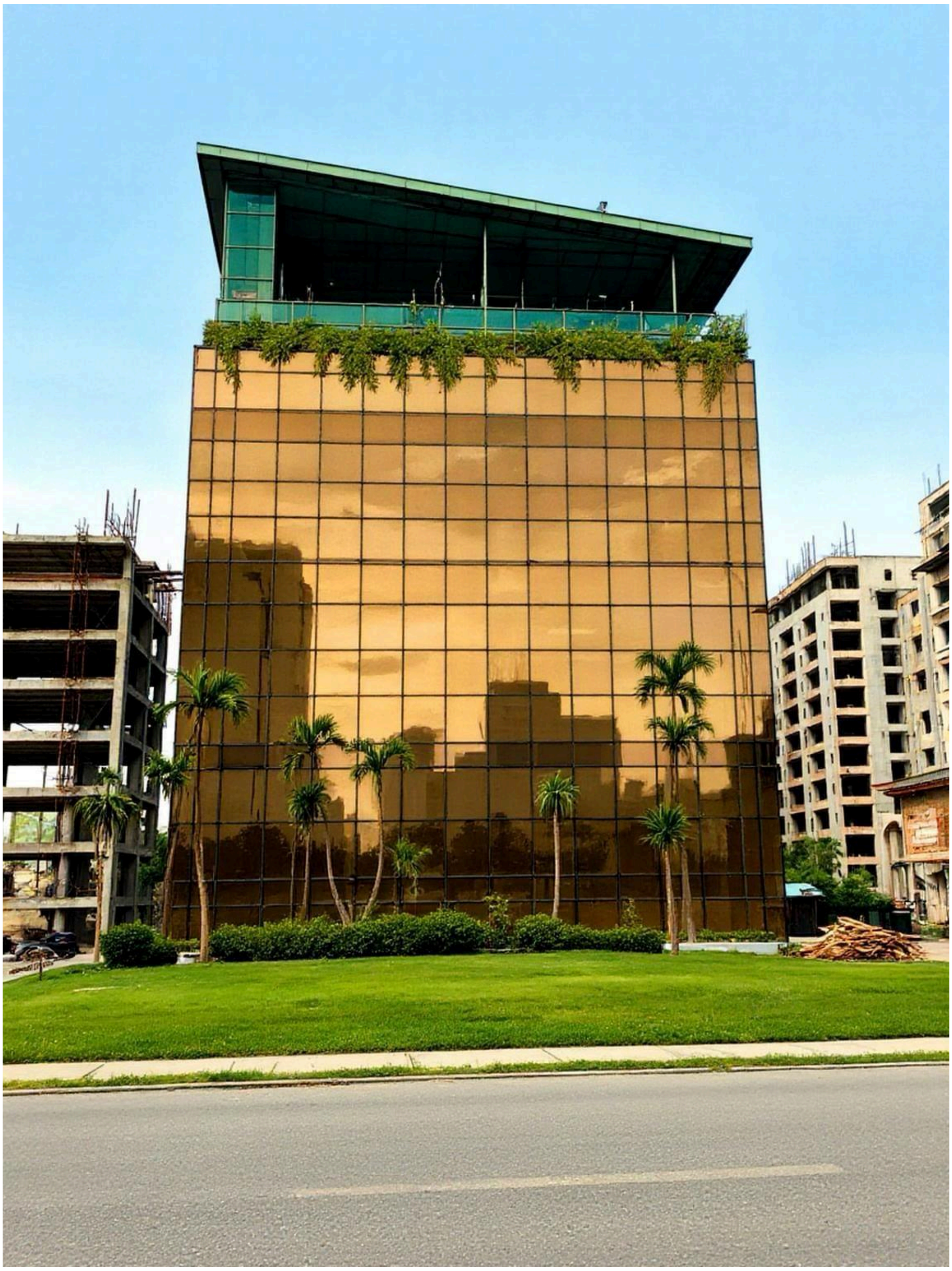


Figure 1: Corporate Office of Data Path Ltd.

Overview of the Internship

1.1 Student Information

Name: Riya Saha

ID: 20204046

Department: BRAC Business School

Major of Specialization: Accounting & Finance

1.2 Internship Information

1.2.1 Company and Internship Details:

Name of the company: Data Path Limited.

Company Address: Corner Glaze, L Block, Bashundhara R/A, Dhaka-1229

Name of the Department: Business Process Outsourcing (BPO). It is the largest department in the company at this point. At present, the department employs about 250 employees. Currently, it is being asked to find more staff who will work with them. However, the organization hopes that by 2026 that there will be more than 350 people employed in this department.

Internship Period: I have started my internship at Data Path Ltd. on February 10, 2025. This placement runs for three months and finishes on May 10th. The majority of organisations in Bangladesh offer a three-month internship, while Data-Path treats its program as a three-month training program. When the interns perform effectively, they usually become full time employees.

1.2.2 Supervisor's Name and Position

Name: Md. Momen Mahmod

Designation: Senior Manager

Email Address: fmahmod@data-path.net

1.2.3 Job Scope – Job Description/Duties/Responsibilities

At the outset of my internship, I was thoroughly trained regarding the American Retirement Plan Fundamentals to learn about the field I would be dealing with. For two weeks, my instructors only covered the content from "Retirement Plan Fundamentals". The company assigned me to the "Business Process Outsourcing (BPO)" section upon finishing my training and tests. Unlike in July Business Services, the BPO division focuses on serving its customers ahead of all else. This department is unlike others since the greatest part of its staff members are recruited by other TPAs. At Data Path Ltd., I used to complete several key tasks, which are briefly described below:

- **Introduction to Software:** At first, my team leader acquainted me with Relius software, which would become the main subject for the completion plan's contribution calculation. Unlike "Dataier" and "ADR," "Relius" is designed to handle and calculate key data necessary to determine each employee's contribution. As mentioned in the proposal, Datapath is a 401(k) company, and our main aim is to assess how US employees are preparing for their retirement savings. At retirement, the amount and qualification of an employee's pension contribution should be checked. Most of what employees contribute is through deferrals and Roth conversions. Because of these payments, people in the plan have access to the employer's contributions for their retirement. While retirees and former employees generally can collect their own funds, participants are not permitted to withdraw their employers' contributions upon retirement or termination.
- **Reports Collection:** As the year ends, a retirement plan specialist gets the following information from the client or plan sponsor.
    - ❖ Client Census
    - ❖ Details on employee financial data and a summary of investments
    - ❖ A copy of last year's 5500 Annual Return Report.
    - ❖ The plan sponsor's report.

- **Analyzing Plan Document & Updating Plan Specification:** Since the plan document outlines the processing for every phase of the plan, I was asked to analyze it once the client documents have been obtained. The plan document contains information on the necessary qualifications and ways individuals can become eligible for benefits. The project's specification should be edited in the software after the plan paper is reviewed. As a result, all details mentioned in the plan document should be closely looked at before processing the plan.
- **Census Checking & Import to Software:** Following a successful update and analysis, we collect an employee census from the plan sponsor and compare it to the information from the last year. If we find any differences or mismatches in the data, we let the client know right away and seek further details. Following this, sixteen manual checks are done to check that everything follows IRS rules. Once the data is finished, software is needed to transfer it into the database.
- **Contribution Calculation:** After successfully importing census data into software, the next step is to compute the contributions the employer wishes to make for eligible employees who comply with IRS regulations.
- **Testing:** Around this stage, most clients ask for compliance testing. In any case, a plan must carry out ADP/ACP, general non-discrimination and top-heavy testing to correctly satisfy all the main tests for compliance. We run tests to identify differences in the compensation levels of our employees and ensure no discrimination occurs between highly compensated and non highly compensated employees. Different teams use different software but I often use ASC software for running tests.
- **Trust Reconciliation:** With trust reconciliation, the entire plan's financial transactions are captured in a review at the end of the year. Basically, this makes the year-end financial information acceptable for government reports, customers and the auditor.
- **Valuation:** The next step after finishing the trust reconciliation process is to look at the valuation. All relevant financial details from investment summaries are gathered and then uploaded to the system for market-invested funds by ASC. Gains, losses, charges and any extra earnings on the funds in the account make up this information.
- **Government Filling:** When the valuation is complete, we complete government forms such as Form-5558, 8995-SSA and 5500 SF/EZ.

1.3 Internship Outcomes:

1.3.1 Student's contribution to the company:

I think that by being an intern, I contribute in a limited way to the company. In any case, I did everything possible to support the organisation. In addition, I believe that my assistant team leader and supervisor are pleased with how I do my job. I have already worked on many living plans. All aspects mentioned in the job scopes are part of the living plan.

1.3.2 Benefits to the student

- **Professionalism:** First and foremost, I had the opportunity to gain knowledge from working in an organisational setting when Data-Path brought me on board. Having done their internship, I learned much about being a professional and my strengths and I am amazed by it. Because of this, I realize how a meeting happens and how I should interact with my managers and teammates. I understand a lot more about how to function as part of a team. Now, I see how important it is to work as a group instead of by yourself. I now realize that knowing what each member is capable of is essential and if any team member begins to fall behind, it will influence both the team and the business in a major way. I have trained in ways to value my teammates and help others without dropping my hard work. I would like to repeat that I have been collaborating with the team leader and that I've gained a lot of knowledge from them. We are asked to report to the team leader regarding our progress on a routine basis.
- **Technical Skills:** Proper instructions helped me to learn how to use Microsoft software right at the beginning of the internship stage. It is useful to know about computer information systems here. We were also given training in using Excel, since it applies to our everyday jobs. Since I often use products from Microsoft, I feel more secure, organized, and strong at using these software tools. I explored many keyboard shortcuts, properties, and concepts of Excel during this time. Because I work mainly in Microsoft Excel at Data-Path Ltd., I am learning more advanced Excel strategies. I'm picking up skills for using Excel more effectively during my three-month internship.
- **Cope up with pressure:** At Data Path Ltd. often have to meet quick deadlines for various jobs, mostly due to the US fiscal year and important IRS deadlines. Because of all this, I end up being pushed further in my ability to work really hard in

challenging situations. Little by little, my team leader raised the stress level, so I had to develop coping strategies before it got overwhelming. As a result, I have learned to react more swiftly, even when things become very stressful.

- **Time Management:** I gained a lot of experience in managing my time and being on time at my training center. Each of us prioritizes meeting our daily deadlines since there isn't time to spare in the data-path system. Since I am not able to work with everyone else, my team will need to bear the consequences. Because of this, there is no risk of anything happening late or incorrectly. So, now I know how to be both reliable and accurate at work and have gained useful experience. So, I learned an important lesson because of it.
- **Communication:** We need to have effective communication in our community. Keeping in touch with clients regularly and properly is always required. Most people choose to do this through email. Corporate speaking is valuable for shareholders. I'm used to being an introvert, and meeting up with people personally has never been easy. However, now I believe that this situation no longer challenges me because of my training.
- **Accountability:** One thing I picked up while working with Data-Path Ltd is the value of accepting responsibility for everything I do. If the team leader makes a mistake, the company normally holds them responsible. Even so, I solely managed my actions and employment. My better effort made me responsible and resulted in my work becoming more accurate.

1.3.3 Problems/Difficulties:

While data-path is mostly helpful to work, there are still a few things that can be improved in order to smooth the journey of employees. In the following, I'll mention a few issues that were challenging for employees -

- **Privacy Concerns:** Because of privacy policies, not all key information will appear on the website. The main examples are the participant's SSN, their compensation, the deferral amount they chose, and the kind of plan formula their company or customer uses. Official company materials or customer records are never to be taken from work premises.
- **Lack of Work Life Balance:** It was hard for me at Data-Path to balance my job and my personal time. Even during my internship, I realized that most of my time involved doing work.

- **Internet Connectivity Issues:** Data-Path utilizes a virtual private network (VPN) to support efficient remote operations, especially when syncing with live presentations streamed from US-based servers. Sometimes, occasional technical interruptions arises, though the dedicated IT team promptly try to addresses these issues but they can improve internet connectivity to ensure smooth workflow continuity. This proactive approach helps maintain productivity even during brief server disruptions.

1.3.4 Recommendations:

- ☐ Since all of Datapath's work is online, they may find that upgrading their internet access will help them increase their efficiency and productivity. A better network will make employees happier at work.
- ☐ It was discovered that, despite the company focusing on 401(k) plans, each team had a different strategy and worked with different software for its valued clients. While initially interns got a basic introduction to 401(k) plans during their internship, after being given a team, it was noticed that how work was done varied from one team to another. Also, handling a live plan strategy looked rather challenging to the interns. If the teams were asked to create a demo program instead of live results, with a week of guidance on their project process, this could be better for the company and the interns. This plan would help intern integration and also benefit the company.
- ☐ Datapath needs to adjust their growth approach. When the business is well-prepared before rapid growth, it can achieve high success and greater profits.
- ☐ Data-Path Ltd. employs a highly skilled software building team. One thing they don't have is some essential software they need, yet they can build these programs on their own. We occasionally had to pull out a lot of data from PDFs and put it into Excel. We can't copy the text from the PDF. The software they use for scanning PDF files isn't very efficient. They can produce better types of software. Furthermore, they can create some MS Excel macro codes to support activities such as census checkups and FICA counting.

Chapter 2

Organizational Part

2.1. Overview of the Company

2.1.1. Background Information of Data Path Ltd.

In 1995, July Business Services got started in a plain office with no clients yet. At the beginning, managers worked to create the company's operations, select key employees and join commercial partnerships. Thanks to the marketing work, the firm created important relationships with banks, plus professionals from brokerage firms, mutual fund providers and investment advisor firms. Within the first few years, the bonds helped the business grow somewhat. At the end of 1996, July employed five people and looked after pension plans for over 250 different clients.

Data-path Limited, which is a registered outsourcing business, belongs to John Humphrey and Jim Hudson. July Business Services is the parent business of Data-Path Ltd. July Corporate Services is a business that gives companies specific retirement solutions and various administrative support. It actively works with banks and employers to build services that suit their special requirements. Consultants provide useful solutions for carrying out and maintaining business plans. It has helped small local businesses as well as large firms involved in the global market for many years. An industry leader in U.S. retirement plans is July Business Services. In 2005, Data-Path Limited began operations out of an office in Uttara and did not have many experimental activities at first. At first, it worked on operations focused on July. At the beginning, it was able to hire expert workers who understood the job and worked in a team of six. At the end of 2011, when the team reached 30 members, Data Path set up shop in Gulshan. Because Data-Path was now a specialist in the industry, more companies turned to them for outsourcing, so the company had to increase its staff and move to a space twice the size in Mohakhali in 2016.

Apart from July Business Services, Data Path is working with ten other clients. Being part of the BPO section was a real blessing to me. I was able to understand the sector better. I was able to find out more about July Business Services. I saw how TPA's clients can have very unique work processes. In my view, what I have experienced will be valuable for writing this report.

2.1.2 Vision

"Our vision is to obtain the leading position in the outsourcing industry. To evolve from a traditional BPO to the next Generation BPO"(*About Us– DataPath*, n.d.).

2.1.3 Mission

"We want to serve our clients effectively with the help of latest technologies. Transformation and innovation is core to DataPath Ltd"(*About Us– DataPath*, n.d.).

2.1.4 Logo

Figure 2: Logo of Data Path Ltd.

2.1.5 Core Values

The organisation manifests its goals, vision and objectives through the guidance of the company's basic values given to its employees. This section contains the basic standards the organization must follow to do its job properly:

- Optimistic attitude
- Embracing new ideas
- Working together with new ideas
- Honouring accomplishments
- Technical proficiency
- Responsibility
- By providing great customer service
- Focus on Quality
- Pay attention to actions that protect your business.
- Result-driven

2.1.6 Founding Partner

John Humphrey and Jim Hudson are the owners and managers of July Business Services and they were also the founders and supervisors of Data Path Ltd. Mr. Ashfaqur Rahman is the person who leads the company as the chief executive officer.

2.1.6 Strategic Partner

Other key partners of July Business Services are included in the group that also holds Data-Path as a partner. July Business Services built several strategic partnerships and, as a result, can now provide both clients and plan participants with an expanded range of retirement services.

- **Record Keepers:** Record Keepers are companies that look after and oversee all of the account balances for a retirement plan. Funds from exchanges must be kept by a record-keeping firm. Though they mainly deal with RPF strategies, the record-keeping firms take on some banking functions. The list of companies working with July Business Services includes MassMutual, Principal, John Hancock, American Funds and others. The RK companies that work with Data Path Ltd. supply their yearly RK statements, loan statements and several other statements too. Accounting accounts cannot be put together for RPS without these financial statements.

- **TPA Firms:** The U.S. firm that first contracted work to outside nations was July Business Services, when it started its overseas outsourcing program in 1985. Their efforts brought about many results. Other TPA companies decided to outsource their business activities after noticing how well Reicome outsourced. Gulf Business Services sent notice that Data-Path has the right skills and training and Data Path Ltd is authorized to complete the work. The bulk of the business processes for 17 of Data-Path's clients are handled by the company.

2.1.7 Organizational Structure

All the departments within Data-Path Ltd. are organised using the same structure. Each department has a manager called an assistant general manager, who reports to the company's general managers. Within each department, an Assistant General Manager takes care of a number of Team Leaders. There are Senior Executives, Executives and Trainees reporting to our team leaders.

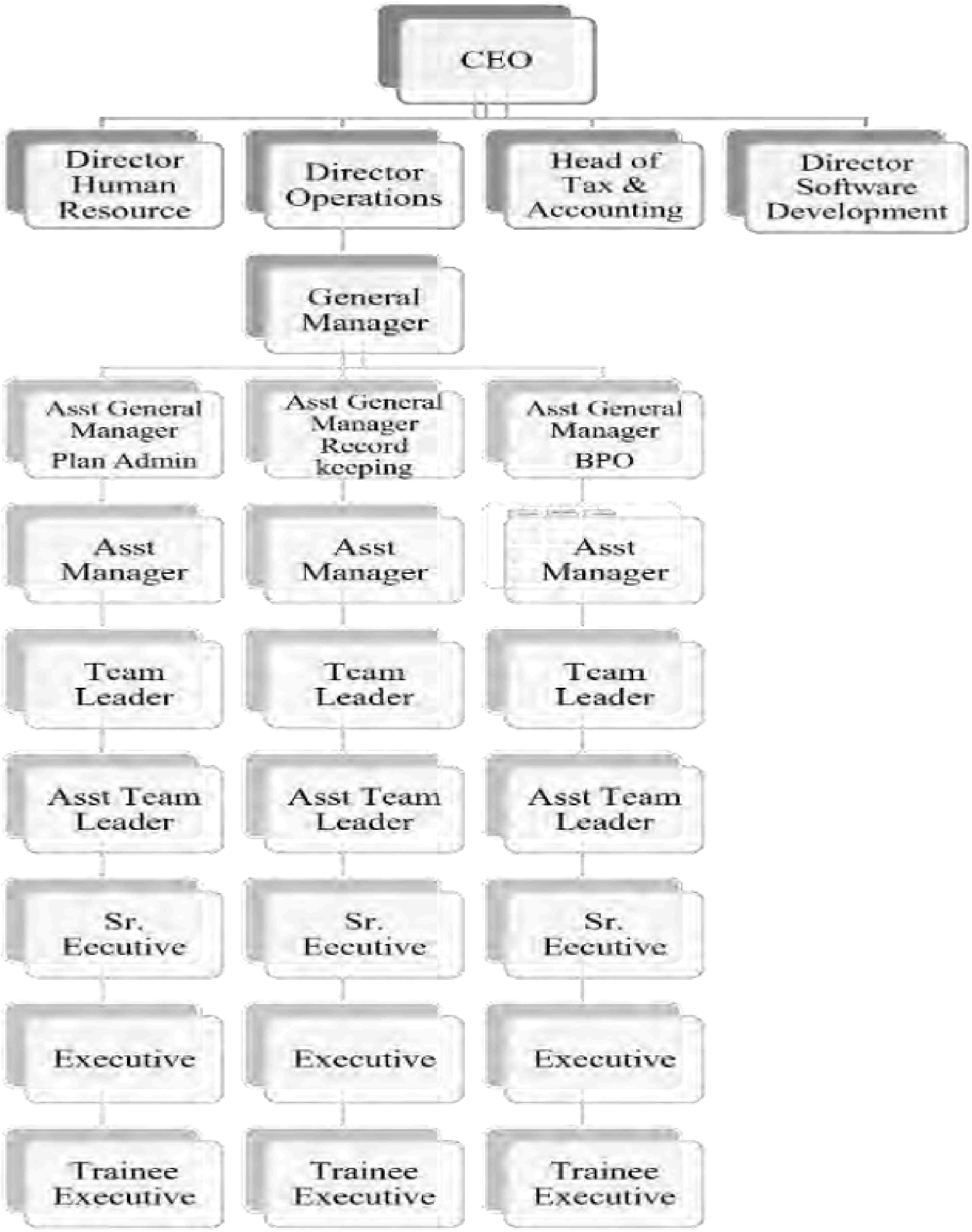


Figure 3: Organogram of Data Path Ltd.

2.1.8 Departments of the Organization

Data Path Ltd. has the following departments in operation:

- ☐ **Accounting Department:** Datapath's accounting and finance assistance is handled by the teams in the accounting department. Work in other divisions, stock figures, employee wages and many other financial matters are managed by this department. Since its processes result in work that functions without interruption, this department is necessary for the organisation.

- ☐ **Distribution Department:** Usually, the distribution department deals with releasing funds to the people entitled to them by the relevant IRS rules.

- ☐ **Plan Documentation Department**: Documenting plans in the Department of Plan Documentation is a difficult and necessary activity. All the information needed to complete the plan process is available in the plan documents. Maintaining these plans' paperwork is the job of the ERISA department at Data Path. The department makes sure that all active plans are processed according to their documentation, which has 40-41 pages.

- ☐ **Workflow 5500 Department:** Every plan sent through the Workflow 5500 Department contains a Form 5500 document. The annual report for each plan, which lists contributions and plan assets, is generally needed when filing with the government. Each year, thousands of business Form 5500s are organized and sent by this department to the implicated authorities.

- ☐ **Department of BPO:** Assigning and organising the management and valuation of retirement plans is managed by the business process outsourcing department, also referred to as the BPO department. TPA business operations allow this division to work with other TPA businesses as needed. People from this team cooperate with other teams from TPAs to offer different services such as planning, conducting surveys, arranging things and so on. It now administers over 40 types of TPA services and its headquarters are in the United States.

- ☐ **Department of Record Keeping:** All plans and related actions are handled by the record-keeping department. Furthermore, this portion of the fund tracks the finances of the July services.

- ☐ **Department of Sales:** To gain new clients, a TPA firm must deal with two separate sets of authorities in the sales department. The sponsor and the financial consultant are important roles in this plan. For TPA companies, these two groups are the main sources of clients and earnings money. It is the job of the data-path sales department to coordinate with both parties and ensure the relationship in the USA remains in place.

- ☐ **Department of Human Resource Management:** Every organization needs a human resources department, as it has a clear effect on the company's profit. At Data-Path Ltd., it is the internal HR department that recruits talented people, distributes workplace resources and makes sure they stay on the team. Executing payroll, holding performance reviews, dealing with conflicts at work and tracking all employee actions are handled by the HR department.

- ☐ **Department of IT**: Since tasks are mainly carried out by IT via remote logins, the IT department is very important. Stabilized internet is required so that organizations can stay in contact with clients and other TPAs round the clock. The IT division successfully looks after all the important hardware and software used by the business.

- ☐ **Installation and New Business Department:** The New Business division enters and checks all the information received. Every bibliographic record is captured in the income area of Data-Path.

- ☐ **Department of software:** In the software department, everything that happens on the data path is handled by heavyweight software which requires constant upkeep. This is why Data-Path formed a new department, so that its employees can make the right software and also maintain business operations.

2.1.9 Management Practices

- ❖ **Leadership Approaches:** Data-Path Limited is managed using a democratic approach. This is done to make choices more precise and to solve issues sooner. Anytime there are delays or issues, everyone on the team is told. Because each person uses their own techniques to solve problems, we can often find different answers online.

Figure 4: Leadership Style of Data Path Ltd.

Here at Datapath, we encourage staff members to depend on each other and collaborate in many ways. As a consequence, the group works well together and makes decisions together, showing the company's democratic values. Through this approach, disagreements are reduced because decisions are based mostly on everyone's ideas. So, how long the process takes depends on how the team is led, but outcomes are generally accurate.

- **Human Resource Strategy:** Since the kind of positions available prevents it from hiring experienced people, Datapath is not able to recruit staff with experience. Most of the interns they hire are trained and then offered full-time jobs. Although departments in HR, software development and IT can hire more skilled workers, all other areas continue to hire interns for most of their positions. They bring on more employees only when there is a specific customer need for what they do.

Figure 5: HR Strategy of Data Path Ltd.

The company stands out from others in Bangladesh because it searches for applicants with technical and analytical skills. How long a candidate wants to serve the organisation is the single most important consideration in recruiting. Most interns learn for the duration of the internship, so Datapath has to support those who plan to stay by investing now and later recouping the costs.

- **Compensation Structure:** The initial pay at Datapath for each position is the first step toward salary increases which depend on an employee’s yearly review. All employees in every job classification receive an annual salary amount that can change based on their performance. Starting base salaries are listed as 28000 BDT for employees, but interns are paid 15,000 BDT. Each quarter, workers get bonus payments depending on the level of quality and the amount they produce. Productivity and efficiency in one year are usually what guide performance evaluations for employees.

- **Employee Learning and Skill Enhancement:** Since the work often involves complexity, every assignment is a lesson in itself at Datapath. People must think creatively to deal with challenges and barriers that show up in their daily lives. Even so, because standards are defined by the DOL and IRS, every employee gets the same basic training. Often, employees are only trained in the abilities required to do the tasks their team gives them. Because trainers focus on completing things earlier, employees might end up with some missed areas in their skills. If a company or an unexplored topic needs specific preparation, Datapath holds seminars and tests for its staff. I also trained up by the instructors in a 2 week long period and earned many more certificates.

Figure 6:Security Certificate from Data Path Ltd.

2.1.10 Services Provided by Organization

DataPath Ltd. provides services that help Third-Party Administrators work better and serve their clients. The BPO Team handles the organization's daily work and help create the strategy for JULY and Datapath Outsourcing. The growth of the American economy depends on the importance of the retirement industry. Virtually all people use their retirement funds in various financial sectors, including by investing in stocks and the money market. DataPath Ltd. handles all aspects of retirement fund management, including watching spending and spotting errors in the company's rules. These services are being provided continuously to corporations in the United States, by July corporate Services and Data-path Limited:

1. Plan design

The business designs retirement schemes that offer solutions for every company's special requirements and ambitions. Thanks to their knowledge, they help clients develop retirement plans that contribute to achieving company goals such as drawing and keeping top staff or rewarding key employees with more benefits.

2. Plan Setup

Make sure to complete a variety of documents for both newly made and ongoing RPF plans before conducting an analysis of the plan statement for a particular year. The process is commonly called plan setting. Here are extracts from the actions in the process of setting up the plan:

▪ Documenting processes by preparing paperwork

▪ A questionnaire

▪ A checklist

▪ RK statements

▪ A loan policy

▪ Amendment reports

▪ Plan documents and adoption agreements

▪ A rollover policy

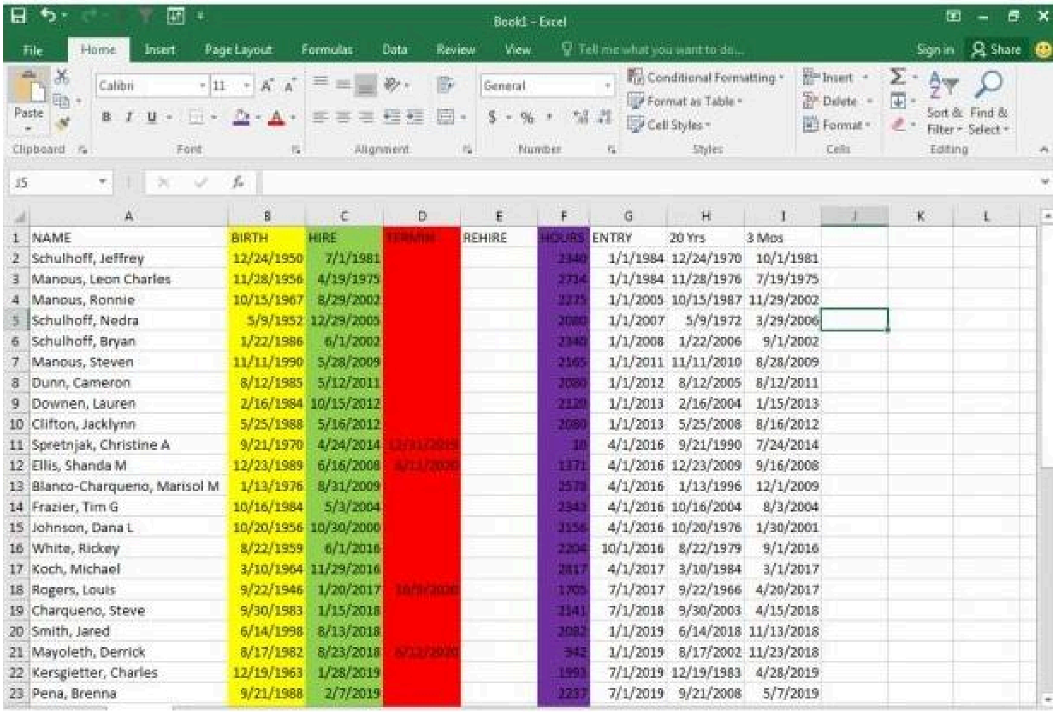
▪ Employee census

3. Plan Administration:

Datapath consultants have a lot of experience in leading this field, with over a decade dedicated to administering plans. One representative looks after each client's benefits plan, assisted by a group that has years of experience. Here, I list the main parts below:

a) Plan Operations Support: All of the essential components necessary for a successful plan are incorporated into this service. Clients may reach consultants directly by phone or email. These services include -

▪ Checking census information



	NAME	BIRTH	HIRE	TERMIN	REHIRE	HOURS	ENTRY	20 Yrs	3 Mos
2	Schulhoff, Jeffrey	12/24/1950	7/1/1981			2340	1/1/1984	12/24/1970	10/1/1981
3	Manous, Leon Charles	11/28/1956	4/19/1975			2734	1/1/1984	11/28/1976	7/19/1975
4	Manous, Ronnie	10/15/1967	8/29/2002			2275	1/1/2005	10/15/1987	11/29/2002
5	Schulhoff, Nedra	5/9/1952	12/29/2005			2080	1/1/2007	5/9/1972	3/29/2006
6	Schulhoff, Bryan	1/22/1986	6/1/2002			2340	1/1/2008	1/22/2006	9/1/2002
7	Manous, Steven	11/11/1990	5/28/2009			2165	1/1/2011	11/11/2010	8/28/2009
8	Dunn, Cameron	8/12/1985	5/12/2011			2080	1/1/2012	8/12/2005	8/12/2011
9	Downen, Lauren	2/16/1984	10/15/2012			2120	1/1/2013	2/16/2004	1/15/2013
10	Clifton, Jacklynn	5/25/1988	5/16/2012			2080	1/1/2013	5/25/2008	8/16/2012
11	Spretnjak, Christine A	9/21/1970	4/24/2014	12/31/2019		10	4/1/2016	9/21/1990	7/24/2014
12	Ellis, Shanda M	12/23/1989	6/16/2008	6/11/2020		1371	4/1/2016	12/23/2009	9/16/2008
13	Blanco-Charqueno, Marisol M	1/13/1976	8/31/2009			2578	4/1/2016	1/13/1996	12/1/2009
14	Frazier, Tim G	10/16/1984	5/3/2004			2343	4/1/2016	10/16/2004	8/3/2004
15	Johnson, Dana L	10/20/1956	10/30/2000			2156	4/1/2016	10/20/1976	1/30/2001
16	White, Rickey	8/22/1959	6/1/2016			2204	10/1/2016	8/22/1979	9/1/2016
17	Koch, Michael	3/10/1964	11/29/2016			2817	4/1/2017	3/10/1984	3/1/2017
18	Rogers, Louis	9/22/1946	1/20/2017	10/9/2020		1705	7/1/2017	9/22/1966	4/20/2017
19	Charqueno, Steve	9/30/1983	1/15/2018			2141	7/1/2018	9/30/2003	4/15/2018
20	Smith, Jared	6/14/1998	8/13/2018			2082	1/1/2019	6/14/2018	11/13/2018
21	Mayoleth, Derrick	8/17/1982	8/23/2018	6/12/2020		942	1/1/2019	8/17/2002	11/23/2018
22	Kersgietter, Charles	12/19/1963	1/28/2019			1993	7/1/2019	12/19/1983	4/28/2019
23	Pena, Brenna	9/21/1988	2/7/2019			2237	7/1/2019	9/21/2008	5/7/2019

Figure 7:Census Checking File

▪ Calculating eligibility

▪ Assigning contributions to accounts,

▪ Calculating vesting

▪ Processing payments and loans,

▪ Ending balance reconciliation and asset reconciliation.

b) Compliance Testing: The company representative supports the client to keep the plan operating as planned. Among the testing services you can use are as follows:

• Top Heavy Testing for key & non key

• ADP & ACP Testing for HCE & NHCE

Name	Birth Date	Original Hire Date	Entry Date	Category	Gross Compensation	Allocated Compensation	401(k) Deferral	ER Match	ADP Testing	ACP Testing	Hours
HCE											
Juan Manuel Cadavid	8/14/1983	10/20/2022	1/1/2024	Active	$203,956.50	$193,626.84	$10,329.66	$10,329.66	5.33%	5.33%	1000
Guido Fernandez	7/7/1968	3/16/2016	7/1/2017	Active	$228,209.10	$221,336.70	$6,872.40	$6,872.40	3.10%	3.10%	1000
Federico Gomez	12/22/1979	8/8/2016	9/1/2017	Active	$233,536.91	$221,134.76	$12,402.15	$12,402.15	5.61%	5.61%	1000
Juan Mesa	1/2/1986	9/6/2016	1/1/2018	Active	$183,589.69	$178,982.59	$4,607.10	$4,607.10	2.57%	2.57%	1000
Juan Esteban Orduz	10/16/1965	8/1/2003	8/1/2004	Active	$150,000.00	$150,000.00	$0.00	$0.00	0.00%	0.00%	1000
				Result for HCE	$999,292.20	$965,080.89	$34,211.31	$34,211.31	3.32%	3.32%	
NHCE											
Christian Henriquez	4/5/1984	10/20/2014	1/1/2017	Active	$84,981.94	$82,422.82	$2,559.12	$2,559.12	3.10%	3.10%	1000
Jazmine Vazquez	10/10/1994	6/1/2023	7/1/2024	Active	$92,913.53	$91,090.65	$1,822.88	$1,822.88	2.00%	2.00%	1000
				Result for NHCE	$177,895.47	$173,513.47	$4,382.00	$4,382.00	2.55%	2.55%	
d											
Luz G. Gagliardo	9/29/1953	11/1/1993	1/1/1995	Terminated 2/15/2023	$0.00		$0.00				0
Judy P. Bonilla	5/10/1966	8/1/2001	8/1/2002	Terminated 4/17/2023	$0.00		$0.00				0
Jose Mauricio Velasquez	8/18/1969	3/1/2001	3/1/2002	Terminated 4/30/2006	$0.00		$0.00				0
Sebastian Uribe	8/30/1975	10/1/2005	1/1/2007	Terminated 6/30/2016	$0.00		$0.00				0
Carolina Castaneda	10/18/1980	4/16/2007	1/1/2008	Terminated 8/7/2016	$0.00		$0.00				0
					$1,177,187.67		$77,186.62	$77,186.62			

Figure 8:ADP & ACP Testing File

• Minimum Coverage Testing (70% head count)

• General Nondiscrimination Testing

c) Tax Compliance: Consultants give clients pre-prepared tax forms that need only to be signed to fulfil the filing process. Some of the benefits they enjoy at the centre are listed below:

• Form 5500

• Form 1099-R & Form 945

• Form 5330 (when required)

• Form 5310 (for ending a plan)

d) Recordkeeping: In order to complete their valuation record keeping system and key partners give service to clients, July and Data Path are joining and give efforts to help their clients .These are among the services our team offers:

• Statements for Quarterly Participants

• Daily account valuation is provided

• Plan sponsors can access their accounts.

4. Participant Services

July and DataPath Ltd.'s services help individuals prepare for and achieve financial security. Customers gain access to this through the company's links with other businesses in the financial sector.

5. Investment Advice

Many people in retirement programs usually get guidance and support from trained professionals. They are better off financially because they are now getting advice on how to use their retirement money. The network that the organisation has built allows it to quickly share and receive electronic versions of its work and it maintains all the administrative responsibilities for July Business Services in Bangladesh.

2.1.11 Different Softwares Used by Data Path Ltd:

As I did my internship for three months duration, In this time period I could learn from and utilize the software listed here -

- ❖ **Unify:** We are used to collecting information by using the Unify program. We also ensure that we talk about both the disclosure and the agreement. Have a look at how unified software works with this example.

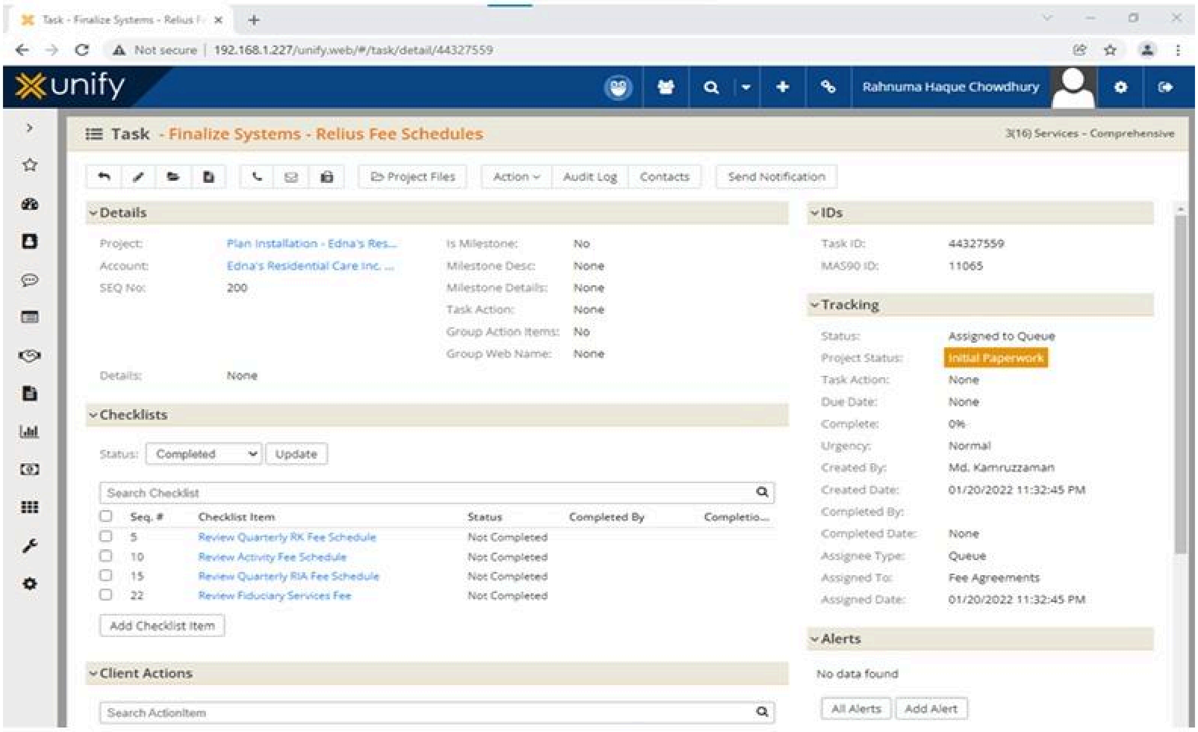


Figure 9: Unify Software

- ❖ **Relius Software:** Data Path Ltd. has selected Relius as its processing software and this is a paid service. The participant can easily and smoothly offer up its money, assets and funds. Most of the time spent in this department is spent on posting content. The sensitivity of the software requires us to be very careful when we use it.

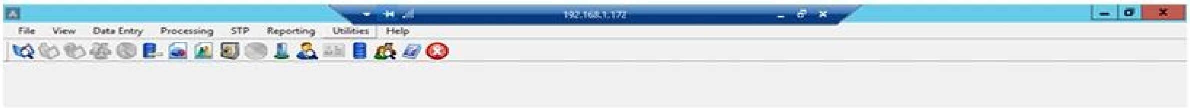


Figure 10: Relius Software

❖ **FT William:** It was mainly made in order to support the takeover strategy and service the new TPA client. Transferring to a different TPA makes sense by having a takeover plan. I must provide the program with important data in order to build a new plan.

Figure 11: FT William Software

2.1.12 Industry and Competitive Analysis

2.1.12.1 Porter's Five Forces Analysis

Porter's Five Forces framework is applied to look at competition in the retirement industry and how DataPath is positioned as a service provider for American firms like JULY and Datapath Outsourcing. The ways in which these pressures impact the business are outlined here:

Figure 12: Porter's Five Forces Analysis of Data Path Ltd.

1. Threat of New Entrants – Moderate

- **Barriers to Entry:** It is not easy for new businesses to enter this industry, as it takes industry knowledge, meeting regulations and understanding financial audits, ERISA standards and handling retirement funds.
- **Capital & Technology Requirements:** For new companies to compete, they need powerful financial applications, reliable data security and knowledge of actuarial practices.
- **Client Trust & Relationships:** Depth of experience, regulatory knowledge and a strong customer base indicate that it is hard for beginners or new comers to gain attraction.

Conclusion: Because of its expertise, strong regulations and loyal customer base, DataPath Ltd. faces little competition and creates barriers for new entrants.

2. Bargaining Power of Suppliers – Low to Moderate

- **Skilled Workforce:** The company relies on actuarial experts, data analysts, and financial professionals. Although talent is critical, Bangladesh's growing BPO sector ensures a steady supply of skilled labor.

- **Software & Technology Providers:** Dependence on specialized financial modeling, compliance, and reporting software gives some power to tech vendors, but alternative solutions exist.

Conclusion: Since the workforce and software providers are replaceable to an extent, supplier power remains moderate.

3. Bargaining Power of Buyers – High

- **Client Dependency:** DataPath Ltd. serves U.S.-based Third-Party Administrators (TPAs) and retirement service providers, who have multiple outsourcing options.
- **Price Sensitivity:** Clients seek cost-effective solutions without compromising quality, increasing their bargaining power.
- **Service Expectations:** TPAs demand error-free reporting, regulatory compliance, and data security, meaning they can pressure providers for better service at competitive rates.

Conclusion: Since TPAs have multiple outsourcing choices, buyer power is high. DataPath Ltd. must focus on quality, efficiency, and cost-effectiveness to retain clients.

4. Threat of Substitutes – Moderate to High

- **In-House Operations:** Large TPAs or financial firms might internalize their retirement fund management instead of outsourcing.
- **Automation & AI:** Advanced financial automation and AI-driven compliance tools could reduce reliance on human-led BPO operations.
- **Competing BPO Firms:** Firms in India and the Philippines offer similar services at competitive rates, posing an indirect substitution threat.

Conclusion: If technology and in-house operations improve, outsourcing demand may decline, making the threat of substitutes moderate to high.

5. Industry Rivalry – High

- **Competing BPO Firms:** Multiple outsourcing providers in Bangladesh, India, and the Philippines target the same U.S. TPAs.

- **Service Differentiation:** Since cost and efficiency are primary decision factors, differentiation through technology, compliance expertise, and data security is critical.
- **Market Growth:** While the U.S. retirement sector is growing, competition for outsourcing contracts is intense.

Conclusion: The industry is highly competitive, requiring DataPath Ltd. to innovate, maintain strong client relationships, and ensure compliance excellence.

2.1.13 SWOT Analysis

Figure 13: SWOT Analysis of Data Path Ltd.

Strengths	*Opportunities*
• **Specialized Expertise:** Strong knowledge and technical skills in U.S. retirement plans (especially 401(k), profit-sharing, and defined benefit plans). • **Cost Efficiency:** Competitive pricing due to operational base in Bangladesh, offering high-quality services at a lower cost compared to U.S.-based firms. • **Experienced Workforce:** Well-trained professionals with knowledge of U.S. laws, ERISA regulations, IRS, and DOL compliance.	• **Expanding Service Offerings:** Moving into adjacent financial services like actuarial consulting, investment advisory support, or broader employee benefits consulting. • **New Markets:** Opportunities to target Canadian, Australian, or UK retirement plan markets which have similar needs. • **Technology Advancement:** Investing in AI, automation, and data analytics to further streamline compliance, reporting, and client servicing.

• **Strong Client Relationships:** Long-term contracts and trusted partnerships with U.S. third-party administrators (TPAs). • **Technology-Driven Operations:** Use of specialized pension administration software (like Relius and ASC) ensures accurate and efficient service delivery.	• **Partnerships and Alliances:** Building alliances with fintech companies, U.S. HR consulting firms, or accounting firms looking to outsource back-office functions. • **Training and Certification Programs:** Offering in-house credential programs (like ASPPA certifications) to boost credibility and attract more top talent.

Table 1: Strength & Opportunities of Data Path Ltd.

Weaknesses	*Threats*
• **Heavy Reliance on U.S. Market:** Business operations are almost entirely dependent on U.S. clients and the U.S. retirement system. • **Limited Brand Visibility:** Limited brand recognition outside of its immediate industry network, especially compared to larger international players. • **Time Zone Challenges:** Although manageable, working across the Bangladesh-U.S. time difference can sometimes cause communication delays. • **Scalability Issues:** Rapid scaling might be difficult without increasing operational costs or risking quality.	• **Regulatory Changes:** Any major changes in U.S. retirement laws could disrupt service demand or require major internal adjustments. • **Increased Competition:** Outsourcing companies from India, Philippines, and other countries are increasingly moving into this niche. • **Cybersecurity Risks:** Handling sensitive financial and personal data demands high cybersecurity standards — any breach could severely damage reputation and client trust. • **Economic Downturn:** A U.S. recession could lead to companies cutting back on retirement plan spending, reducing outsourcing needs.

	● **Employee Turnover:** Specialized knowledge means that losing experienced employees can impact service quality and client relationships.

Table 2: Weaknesses & Threats of Data Path Ltd.

Chapter 3

3.1 Introduction

The subject of this internship report is the outsourcing sector in Bangladesh that handles the USA Retirement Provident Fund (RPF) accounting work. We should know how the RPF assists American retirees in the way US government policies specify. Employers at many US companies offer benefits to employees that support their money, mind and well-being, as well as the health of their families. Managers can attract unique and skilled employees by using this same approach. Examples of these kinds of benefits are life insurance, disability benefits, paid time off, retirement provident programs and others. A lot of Americans are not inclined to like saving their money. Mostly, they like to use up most of their earnings. Because of this, these benefits are given to staff so they can act as a protection during major and dangerous situations. Moreover such benefits may boost employee confidence and their drive to do their best.

After the IRS and ERISA Act became law, the United States had to comply with tough rules in the RPF industry. There are a large number of current privacy laws in the nation. Even more, CPA firms must annually audit large RPF plans *(EBSA, n.d.-b)*. Companies in the TPA sector operate in the RPF area. They also use techniques from the Real Property Framework to make strategies for their RPF plans *(Congruent Solutions, 2025)*. There are a lot of workers and enormous amounts of data in this industry now. Besides, there are usually very complex tasks required in this industry. That's why the TPA business tends to offer unusually high average salaries. So, companies in the TPA field are now trading their activities with Bangladesh and other developing countries (*TPAS - JULY Services*, 2025).

3.1.1 Objectives

This report outlines the main aims for its reforms:

1. To learn about the structure and functioning of provident fund systems in both places. (Familiarity with the administrative, financial and legal procedures in the two countries.)
2. To find out the main similarities and differences between the provident fund systems of the United States and Bangladesh. (Looking at tax benefits, the ways to invest funds, the rules for withdrawing them and whether contributions come from employers or employees.)

3. To recommend methods for upgrading Bangladesh's provident fund systems inspired by top practices followed in the United States.

3.1.2 Methodology

I spent three months carrying out the research for this paper. This was a descriptive study. Therefore, secondary data sources are used for this project and information from well-known and reliable journals and websites was collected. I used different approaches to gather all the data and they are given below -

For Objective 1: Used secondary sources of data

Sources: Government legislation (e.g., Bangladesh Labour Act, ERISA in the USA), policy papers, organizational charters (e.g., from public provident fund boards), financial institution reports.

For Objective 2: Used secondary sources of data

Sources: Fund policy documents, international pension comparison studies, and institutional websites (e.g., IRS, Bangladesh Bank, NBR).

For Objective 3: Used secondary sources of data (Derived from all previous data & Expert Consultations)

Sources: Synthesized analysis of findings from objectives & additional expert consultations, policymakers opinions.

3.1.3 Scope

All three, pension systems, social security programs and private savings options used by Bangladeshi and American employees will be studied in this research. Some points it will cover are whether the plan is financially possible, its use of tax benefits, employer adding to employee funds and the regulations it needs to follow. The paper aims to focus on notable changes, troubles and lessons found in Bangladesh’s retirement system.

3.1.4 Limitations

Apart from the timeframe of only three months, this research was limited by unavailable sensitive information, little public information and insufficient amounts of information. There are several things that get in the way of direct comparisons between Bangladesh and the United States of America, especially because the countries differ so much in rules, culture and economy. It cannot be ruled out that secondary data will reduce the accuracy and depth of your results.

- **Analysis Part to accomplish the first objective** (To learn about the structure and functioning of provident fund systems in both countries.)

3.2 The USA Retirement Policy

A nation is able to support its retirement benefits program because of its own laws and regulations. Cultures change from country to country. In addition, Bangladesh follows its own legal system.

3.2.1 Legal Framework

Every country maintains its retirement benefits program through its laws. The system looks different compared to that of other countries. The law is obeyed in Bangladesh, too.

1. **Employee Retirement Income Security Act (ERISA) of 1974:** ERISA, first enacted in 1974, is the leading law controlling retirement plans offered through private employers. It makes certain workers are protected via basic requirements in these programs. It ensures managers have a duty to act in employees' interests, that members are told about the plan and that employees' benefits are protected by law *(EBSA, n.d.-b.)*. If the plan is badly run, participants have the option to sue for benefits or breach of duty *(EBSA, n.d.-b)*.
2. **Pension Protection Act (PPA) of 2006**: Because early 2000s bankruptcies showed that the pension system had weaknesses, the 2006 Pension Protection Act bolstered the rules for paying pensions *(Universal Pension, n.d.)*. Employee retirement savings are made easier through automatic 401(k) enrolment. Moreover, rules were made that increased how pension systems should be managed by employers.
3. **Internal Revenue Code (IRC)**: By design of the Code of Internal Revenue (IRC), the government offers rewards for people who save into retirement accounts. Often, the amounts you put into a Traditional IRA or 401(k) are deductible from your taxable income and the profits earned from your investments are not subject to taxes until you start withdrawing them when you have retired.(*Retirement Plans | Internal Revenue Service*, n.d.).

3.2.2 Financial Framework

Retirement savings plans in the United States are generally divided into main categories.

1. **Defined Benefit Plans:** The benefit an employee will get in retirement is set in advance and usually depends on salary and number of years worked. (*Home Page | Pension Benefit Guaranty Corporation*, 2025). These are typically employer-funded.
2. **Defined Contribution Plans**: Pension plans such as 401(k)s and 403(b)s, where workers can add some of their pay with possible matching from their employer play a role too (*Home Page | Pension Benefit Guaranty Corporation*, 2025). The retirement benefit depends on the amount contributed and the performance of the investments.

3.2.3 Types of Defined Contribution Plans

3.2.3.1. Profit-Sharing Plan

When employees follow a benefit-sharing plan, they receive a little of the profits made thanks to their role in the company. The office doesn't have to show direct benefits for its commitment and can carefully distribute funds regularly. Still, the design does not have to explain how much members would pay each year, but it should propose a step-by-step plan for sharing out any pledges members make. There are some common methods employers willingly use to distribute the profit sharing amount among employees which are pro-rata, fica and new comp.

3.2.3.2 401(K) Plans

In all 401(k) plans, there are some contribution types included:

i. Catch-Up Contribution: Members with more experience in a pension plan can now strengthen their elective deferrals by making up for any time they missed with catch-up contributions. In order for a member to receive credit for missed commitment, they must have turned 50 by the end of the scheduled year as indicated *(Home Page | Pension Benefit Guarantee Corporation, 2025).* Since retirement planning is more important now, as well as because societal norms have shifted, make-up time for training is now allowed.

ii. Designated Roth Contribution: A 401(k) plan can give credit for committing to a Roth account. Representatives have the chance to set aside funds this way for their post-work life. Unlike voluntary deferrals, Roth funds are automatically reserved in the after-charge item of the plan. Any profit from fees earned on an assigned Roth contribution to these plans can be withdrawn free from taxation when the member begins receiving distributions after age 59½ and the five-year period elapses(*Home Page | Pension Benefit Guaranty Corporation*, 2025).

iii. Matching Contribution: The employer might be required by law to add to the dollar amount that employees place in their 401(k) account and Roth contributions so that they encourage employees to save more money.

Gross Compensation	401(k) Deferral	Deferral percentage	SH Basic Match	SH Basic %	Hours
$110,492.46	$22,500.00	20.36%	$4,419.70	4.00%	1000
$44,708.00	$1,086.80	2.43%	$1,086.80	2.43%	2034
$37,790.00	$811.20	2.15%	$811.20	2.15%	1940
$37,100.00	$645.00	1.74%	$645.00	1.74%	1730
$62,201.60	$975.00	1.57%	$975.00	1.57%	2080
$39,461.50	$593.40	1.50%	$593.40	1.50%	1717
$39,534.50	$551.48	1.39%	$551.48	1.39%	1839
$53,800.00	$690.00	1.28%	$690.00	1.28%	1000
$48,680.00	$624.00	1.28%	$624.00	1.28%	2080
$42,516.50	$538.65	1.27%	$538.65	1.27%	2027
$54,530.97	$682.49	1.25%	$682.49	1.25%	2080
$91,810.33	$975.00	1.06%	$975.00	1.06%	2080
$32,483.88	$300.86	0.93%	$300.86	0.93%	1757
$45,720.00	$260.00	0.57%	$260.00	0.57%	1760
	$31,233.88		**$13,153.58**	**22.42%**	

Figure 14: Contribution Calculation File

3.2.3.3 Stock Plan

i. Stock Bonus Plan

A stock reward program offers members who have withdrawn or retired from the organization part of the company's common shares from its equity on a regular basis. Staff can decide whether they'd like to use this sort of fund or receive company shares and extra plans are permitted to suggest additional plan choices that offer sharing agreements for staff *(Empowering Retirement Professionals: Elevate Your Expertise With ASPPA, n.d.)*. When companies permit the arrangement, cash commitments are used to acquire organisation shares.

ii. Employee Stock Ownership Plan (ESOP)

Any scheme involving stock as rewards, be it cash and stock mixes or discretionary commitment, can be converted into an employee stock ownership plan (ESOP), provided a little capital is set aside for organization stock. Another way to use an ESOP is to give it ownership of a business corporate security in a plan for sharing benefits (*Empowering Retirement Professionals: Elevate Your Expertise With ASPPA*, n.d.).

3.2.3.4 Safe Harbor 401(k) Plans

While a 401(k) plan is basically the same, a protected harbour 401(k) emphasizes employers' dedication to each member of the team. When using this plan, employees enjoy fully vested corporate commitments as soon as they join. Because it eliminates the duty runs usually tied to a regular 401(k) plan, managers have a smaller set of authoritative responsibilities.

3.2.3.5 Basic Plan Document Language

- **Compensation:** When support or allocation regions are added from a plan record, that process is most often called "paying." Many compensation and benefit packages are designed to please the member. Yet, design aids are given the power to select which sections of pay come into play, so it shouldn't be overanalyzed as biased towards richer compensation packages.
- **Eligible Employees:** It is important to first define what constitutes representatives and qualified representatives, because this determines which employees can take part while following the script and which cannot. One way to say this is that, except for non-resident foreigners without U.S. citizenship, all employees can remain eligible for the arrangement.
- **Fiscal and Plan Year:**The plan document indicates if the plan year or fiscal year is being used. Despite the fact that many plans use the calendar year from January 1, 2021, to December 31, 20210, others utilize a different calendar year. Some companies simply use the calendar year as the time frame for their retirement plans.
- **Normal Retirement Date and Age:** The definition of a normal retirement age and retirement date are sometimes set apart by record drafters, but some do combine them into one definition. Standardly, the years after 65 are known as "ordinary retirement years" and include the initial five retirement festivities from the time a person began contributing to the arrangement *(ASPPA, 2010).*

- **Year of Service:** The meaning of the term "year of administration" still includes a few common ideas. The common definition is a year in which tasks are done or payable, counting roughly 1,000 hours of admin time (*Home Page | Pension Benefit Guarantee Corporation, 2025)*. As a result, setting the year length at a similar length to the configuration year means vesting calculations and the sharing of requirements are easier.
- **Requirement of Eligibility:** The main thing you need to qualify is different plans might vary, but on average, you need to be 21, have been on duty for at least one year and join up at least twice a year *(ASPPA, 2010)*. Everyone may be treated the same at the entry level for contributions or each kind of contribution may need separate requirements.
- **Leave of Absence:** Ensuring qualifying year and vesting year accuracy, the arrangement record should be reviewed for help with possible assistance conflicts. If at least one participant does not complete more than 500 hours of help in one year, that year meets the definition found in the Internal Revenue Code *(ASPPA, 2010)*. A one-year period of detachment runs if the administrative time is counted by elapsed year, not employment, for the representative.
- **Highly Compensated Employees:** A highly compensated employee is someone who has shares in the organization or who have received more than the remuneration cap the previous year.
    - ❖ More than five percent of the ownership in a company belongs to the employee if they are an owner.
    - ❖ The family members that are part of the business are the owners' parents, spouse and children.
    - ❖ Employees making over 1,50,000 dollars in the preceding year *(ASPPA, 2010).*
- **Entry Date:** The key part of creating a year's insurance plan is to set the participant's enrollment date. As soon as an employee starts working, on their entrance date, both the employee and the employer begin adding money to the plan. After that, the employee is able to take all available tests.

3.2.3.6 Vesting

People can take the amount they are vested in when they leave the company or retire. Vesting must follow a number of set regulations. A person reaches full vesting for instance 100% once they have worked for a year, worked a minimum of one thousand hours and continued employment onward *(ASPPA, 2010)*. Under any situation, money that participates in the Deferral, Roth or Rollover plans belongs wholly to the employees; the employer's matching funds follow the vesting period. Only Cliff and graded vesting are the forms available. You will often find three-year-cliff and six-year-graded vesting rules are used the most.

3.2.3.7 Testing

Testing plays the most important role in American retirement programs. All of the required conditions must be met for the organisation to qualify for tax breaks from government retirement schemes. Which include:

1. ADP test
2. ACP test
3. Top Heavy Test
4. Ratio Percentage Test
5. IRC Coverage Test
6. Gateway test
7. APBT test for New Comp

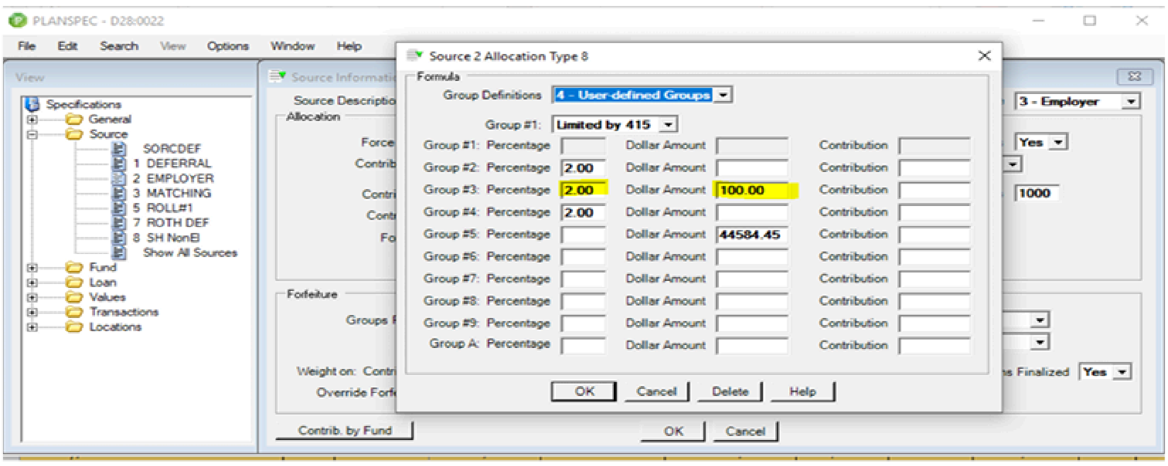


Figure 15: Compliance Testing in Software

For particular organizations do not have to test each part of the plan. Checking the accuracy of test results requires running them in Excel before moving to the program.

3.2.3.8. Allocation

Allocation refers to the yearly plan that a TPA develops for a customer in a retirement plan. All of these points considered, Data-way and July Services manage how contributions are allocated *(ASPPA, 2010).* A range of reports are included in this project such as:

- **Registration Reports:** The evaluation reports include information about each employee such as their plan eligibility, plan section days, vesting administration hours, salary and anything else that's important.
- **Commitment Report:** The commitment report includes the specific figures for the contributions made by arrangement members to eligible organizations.
- **Outline of Accounts:** Each member's retirement exhibitions were fewer overall in the year reported by the study. This record lists the company's venture profits and losses, dispersions, shifts in investments and debt.
- **Trust Accounting:** Trust Accounting includes all the changes for an agreement, presented at the level of the agreement.
- **Consistency Tests:** This report contains consistency tests which confirm the arrangement's compliance with set IRS regulations. Easy passing of these tests by plans ensures they remain able to expand their level of spending.
- **Assignment Letter:** A letter called an Assignment Letter gives the client access to all the information collected in a series of reports. Here, the commitment instructions let the client understand the member's actual amount of money being withdrawn.

3.3 Bangladesh's Retirement Policy

In 1972, the government in Bangladesh made the pension rules more exciting. started with the average rate from the past three years when crafting the pensOperators ion. From 1974, pensioners were given amounts based on a specific rate of their most recent pay. The largest pension could be up to 60% of their final salary. Initially, new pension rules introduced in 1977 calculated the most severe annuity at 80% of the basic compensation using the specified criteria for changes to the family benefits and tip. It wasn't until 1994 that the rules and procedures for government employee pensions were made simpler by the public authority *(Alam, 2018).* A pension is given to Bangladeshi public sector assistants when they retire. Those who depend on the government in Bangladesh were charged a cost. Or, in recent times, banks, other financial bodies, nationalised organisations and universities have taken on the pension plan. Directors serving in self-governing organisations get their pensions from the groups who appointed them, but government employees receive their pensions from the government. Even so, the features device has been adopted within the current context of a number of unbiased associations, for instance banks, nationalised organisations and colleges. Those leading self-administering parties gain many benefits, while public authority employees are given their annuities from the organisation.

3.3.1 Types of Pensions

❖ **Compensation pension:**

The pension is available to directors who lose their jobs due to reduced positions in certain offices or organisations managed by the public authority to keep the financial sector stable. A person employed in administration can demand to be given pay advantages for taking part earlier. Time and again, he is picked to lead or be part of a new business team or task. How to identify who was alive and plot the administration's profits to a list is achieved at the lowest cost among alternative methods for this annuity.

❖ **Invalid Pension:**

If assuming that an administrator continues to improve for all time, both mentally and genuinely, the government gives him or her unnecessary rewards. If after 57 years the corporation offers advantages with unknown form and value, the top office will draft its discipline using the information from each participant's clinical testimony, as directed by Bangladesh's regulations.

❖ **Superannuation Pension**

Public service officials who are cut off from their community for a long period and meet the age requirement can be given superannuation benefits by the public body. Over the whole period under the Public Service Act of 1974, this relationship has kept its original duration. So, beginning at 57 years old, an expert is no longer authorized to work under the original schedule *(Issue-I, 2019)*. For the past few years, the specialists have kept working with judges and teachers until they reach 65.

❖ **Pensions for Seniors**

The public authority may resign at any time after serving 25 years as a transporter, if the authorities feel the community worker's contributions are particularly outstanding in open leisure activities. At this point in time, no exceptional choosing authority can be granted the power to use this ability. Usually, if a subordinate choosing authority finds it necessary to discharge a specialist after 25 years of work, it will recommend that the specialist be asked to step aside to reach the best conclusion.

❖ **Optional Pension**

Any local official with 25 years or more at a supplier can decide to resign from the supply arrangement any time they want. Yet, if he does decide to resign, he must send the delegating authority a declaration around thirty days before his planned retirement date. That is why professionals must work through the decision-making steps and cannot overlook any additional time a defendant may have to spend in jail.

❖ **Family Benefits**

Such annuity plans are called family annuities because it is the family who will receive the benefit payments when the participant dies. Should a community worker remain as a supplier, that person can designate one member of the family as the 'family annuity' replacement for the remaining part of their membership. If money for family annuity and lagniappe is needed and the family cannot provide it, the supervisory board will manage the process and the survivors or family members might not be ready *(Issue-I, 2019).* However, at the start of processing orders for family benefits, you need to gather all the requests in one place. It means the analysis process takes a lot longer than usual. Retirement and pension benefits for government service described earlier are granted only to individuals employed by the government. The government has insufficient organisation and regulation. Meanwhile, there are no set standards created by the government for anyone contracted in private jobs.

3.4 Particular cases when retirement benefits are not given the designation of Earned Income :

The Public Servants Retirement Act of 1974 defines a local official as any person employed by the Republic and not meeting the criteria given below:

- Anyone who is part of the armed forces
- Is assigned to be a teacher or representative at a college institution.
- Is an individual who takes part in or works within a commission, council or board until the purpose for which it was set up has been fulfilled.
- Stands in for an unexpected or busy employee in the state-owned assembly company.

- Any post awarded by political choice or rule, any office whose address cannot change under a rule and any office whose address is set by a regulation.

3.5 Pension in Private Sector:

Civil servants working for a public body or city government are the only people eligible for retirement benefits and annuities. Just like with pension funds, no plan exists for agricultural and modern sector workers to access an annuity. Just like insurance, annuities are not appropriate for people working in foreign locations. Rashid, in his work from 2019, shows that about half of the totals employed in Egypt are involved in the horticulture industry *(Rashid, 2019).* More than twenty million people are employed within the industry. The most recently known numbers show that the industry is responsible for about forty percent of the country's overall GDP *(Khan, 2025).* Unfortunately, regardless of their size, farmers and ranchers rarely meet their retirement and annuity needs under the existing system. There is no retirement plan that covers the benefits of Bangladesh's horticulture workers. Therefore such workers are unable to access retirement and annuity benefits after they have reached the age where they work and earn their highest income.

About 48 percent of all workers in Pakistan are employed in the region, thanks to the impact of industry *(Khan, 2025).* The modern sector of Bangladesh adds about 26 percent to the nation's entire gross domestic product *(Report, 2019).* In comparison, growth in horticulture during the years 2002-2003 was just 4.11 percent, less than the business sector's 10 percent growth *(Sarker, 2021).* In the present area, all the country's businesses, be they corporations or associations, are remembered. Should the workers decide to retire, they will normally only receive a small bonus. There are extra retirement benefits they do not receive.

As there are no jobs available in their home country and the pay is poor, many workers are leaving to search for assurance and fair chances abroad. More than 3.28 million Bangladeshis relocated to other countries between 1999 and 2002, looking for work. About $23.6 billion was settled in Bangladesh during that period *(Issue-I, 2021).* Travelers who come to the country to work are good for the economy, but once they return home, since they are not compensated, an annuity isn't possible. Given their situation, it is hard for them to join society again and as they age they are more vulnerable to the world and people around them.

3.6 Retirement Policy of Data Path Ltd.

- **Provident Fund**

Anyone who is made an official representative in the organisation according to these Rules will be invited to join and acknowledge the terms of Data Path Limited Employees' Provident Fund from the same day of their appointment. An amount of your salary is withheld and placed into your Provident Fund by Information Path which will also match the amount.

- **Gratuity**

If a representative of the Company is eligible for a gratuity, if they depart from the administrations of the Company and if the Board of Directors approves it, a gratuity may be granted to them. For a representative to get gratuity according to the Company's Gratuity Rules, you must fulfill the following requirements.

Standards: Employees receive one month's income for each year of service, for the first five years, equal to the amount stated in their main compensation offered on the day they began with Data Path Ltd. It is meant for the first five years after you start your administrative post (*About Us– DataPath*, n.d.).

3.7 Findings

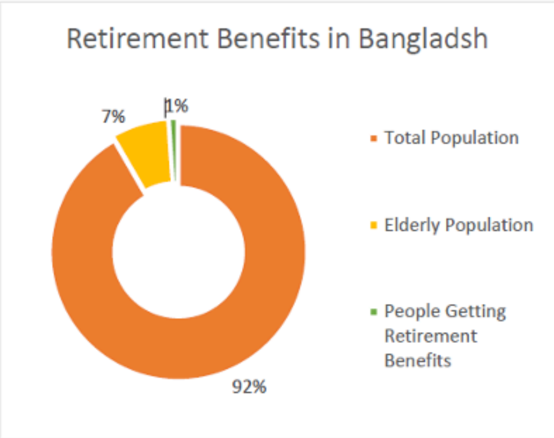
The situation in Bangladesh is similar to that in developing nations and soon, we will face major difficulties as the population ages. In Bangladesh, only working for the government will qualify a person to get retirement benefits. Data collected by the Ministry of Finance shows that about 7.53 lakh individuals are currently qualified to collect pensions. Around 1.15 crore people will be able to get financial support from different emergency assistance schemes *(Habib, 2024)*. According to the budget of 2022–2023, about 78 percent of Bangladeshis who work are not covered by a pension or gratuity system. *(Sarker, 2021)*. Since older people usually fail to be part of research linked to economics and other social factors, many studies miss the mark.

Some time from now, Bangladesh will face major challenges related to retiree care. Over time, seniors will notice that their abilities are reducing as they keep going through retirement. COVID will also have a major impact on retirees right now and in the years to come *(Ferdousi, 2020)*. Since the government has not agreed to manage the retirement system, things are not well regulated for employees. Within public service, the retirement system that the government offers is not modern. Not many people in the company realize they can receive retiring benefits. We shouldn't be surprised that some government agencies work to protect their employees' well-being. Because the government has not planned or strengthened agricultural policies, its obligations are not being carried out effectively.

Retirement benefits in the private sector are being provided to employees in Bangladesh, but these are set up and controlled by companies—not the government. Those organisations that sanction retirement plans for their employees also do not consider differences in treatment or outright discrimination between those who have higher salaries and facilities and those who do not.

The United States government also believes that protecting workers' right to retirement benefits is very important. If a business offers retirement plans for its staff, the U.S. government will offer big tax breaks. Besides, following the U.S. regulations for retirement plans can be highly complicated for businesses. The sources of the $26 trillion in the retirement market in the United States are defined contribution and defined benefit plans, individual retirement accounts (IRAs) and annuities *(Congruent Solutions, 2020).* All in all, these accounts help lead businesses to earn a total of over 430 billion dollars.

For a long time, the retirement system in the United States has helped many Americans by ensuring they have enough for their retirement. Retirees may maintain their present standard of living, as the amount of consumption, income and wealth does not change, according to new research *(Chowdhury, 2024).* Even if we look at the factors above, it appears that retirees are in a more favorable situation than other age groups: only 1 percent of adults 65 and up live in extreme poverty compared to 14 percent and 18 percent among those aged 18 to 64 and under 18 respectively.



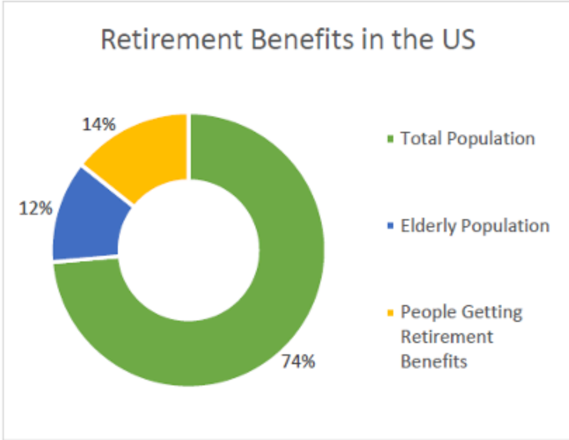


Figure 16: Comparison between US & Bangladesh Retirement Benefits

The way people retire in the US is very different from the way people retire in Bangladesh. The key issue now is figuring out how the gap can be reduced so that Bangladesh's people get a better retirement system. The research adds to the analysis of these differences and discusses some likely consequences.

- **Analysis Part to accomplish the second objective (**To find out the main similarities and differences between the provident fund systems of the United States and Bangladesh.)

3.8 Similarities and Differences between Bangladeshi Provident Fund and the United States' Retirement Provident Fund

US	Bangladesh
It is necessary for public as well as private businesses.	People who serve in the government are entitled to the pension, but individuals employed by private firms need to look to their company's policies for benefits.
A lot of government agencies such as the IRS and ASPA, regulate the industry under strict guidelines.	Only the pensions of government employees are supervised by regulation from the government.

An organization's retirement programs are handled by a TPA who is not part of the company.	Employees working for the government in Bangladesh receive their pensions from the Ministry of Finance. Personnel from the private sector take charge of managing their provident fund within their organisation.
Every plan requires using specific fair tests to help prevent the discrimination of lower-paid employees.	Nothing in our testing process is truly free from discrimination.
A person taking part in the plan knows the activities happening to his or her money, how it is being invested and the total amount in the account. Retirement money collected by employers from employees must be deposited into the RK within the required time which can be three or seven days.	The employees are totally oblivious to what happens to the portion of their pay taken by income taxes.They would only start collecting the money once retirement or dedicated service time had come.
Deferring any amount you like or skipping a contribution, is allowed for participants.	All workers must set aside funds each month, where the amount matches a fixed portion of their pay.
There are various methods, including profit sharing and matching, by which employers help every participant. Even if they do not pay in themselves, participants can receive employer contributions from a Safe Harbour Non-Elective plan each year. The level of the contribution must be able to grow or	The contribution from the employer is the same as the contribution from the employee and these amounts are the same each month.

shrink as needed by either the employer or the employee.	
Once an employee retires or changes jobs, the company is required to let them distribute or withdraw the money they have put in. Since the government controls payday loans, borrowers aren't at risk of not getting their money.	Personnel who retire either in government or private jobs in Bangladesh often struggle to get their earnings.
People who are changing jobs can decide to take all their money out, have it sent to their new employer in a rollover or maintain their retirement plans as they were before.	An employee who leaves the company cannot take any money and keep using their bank accounts.

Table 3: Similarities & Differences of Provident fund of US and Bangladesh

3.9 Findings

A list of discoveries can be crafted from the findings that emerged from this analysis:

1. There are many ways for retirees to fulfill their needs in the US.
2. There are no set ways in Bangladesh for preparing for retirement.
3. Retirement plans can greatly support seniors and their family members might be able to count on them as well.
4. The Public Servants' Rules state that pension in Bangladesh is only available to people working for the government. Also, because private company employees are denied access to those government offices, they are now uncertain about their earnings.
5. Private sector provident funds in Bangladesh are not being placed in locations where they can have the best returns.
6. Retirement plans offered by every kind of organisation in the USA are supervised and regulated by the US government. So that all in society can remain safe and equal moving forward.

❖ **Recommendation Part to accomplish the third objective** (To recommend methods for upgrading Bangladesh's provident fund systems inspired by top practices followed in the United States.)

3.10 Recommendations

Based on the above analysis and findings of the U.S. provident fund system, particularly the 401(k) retirement savings model, the following methods are recommended to enhance the structure, efficiency, and sustainability of Bangladesh's provident fund system:

1. Introduce Diversified Investment Opportunities

Bangladesh's provident fund system should allow investments in a broader range of instruments—such as government bonds, mutual funds, and select equities—under expert supervision. This strategy, inspired by U.S. practices, can generate higher long-term returns while managing investment risks.

2. Promote Defined Contribution Plans (DC Plans)

Like the U.S. 401(k) model, Bangladesh should promote defined contribution plans where both employers and employees contribute a fixed percentage of income. This would enhance transparency, financial control, and long-term value for employees.

3. Enable Portability of Accounts

Employees in the U.S. can retain and transfer their retirement savings when switching jobs. Bangladesh should adopt a similar mechanism, enabling contributors to continue growing their funds uninterrupted, regardless of changes in employment.

4. Implement Employer Matching Contributions

To encourage employee participation and savings, the government and regulatory bodies should consider mandating or incentivizing employer matching contributions, as practiced in the U.S. This will boost retirement savings and increase fund value over time.

5. Ensure Digital Access and Transparency

Developing secure digital platforms web portals and mobile apps would allow contributors to monitor their provident fund balances, contributions, and investment performance in real time. This fosters transparency and trust in the system.

6. Provide Financial Literacy and Retirement Planning Education

Employers and fund administrators should regularly conduct financial literacy programs and retirement planning workshops to help employees make informed decisions about their savings and future financial security.

7. Strengthen Legal and Regulatory Frameworks

Bangladesh should enhance its legal oversight of provident funds by adopting elements of the U.S. ERISA framework. This includes setting clear fiduciary standards, auditing requirements, and penalties for mismanagement to ensure the system's integrity and protect beneficiaries.

8. Adopt Testing Methods

Employees with a lower salary can still be exposed to discrimination, it is advised that different testing methods be established for the retirement program. Maximizing the pensions the employees can get now can provide a better future for them.

9. Introduce Tax Incentives for Retirement Savings

Bangladesh can consider introducing tax incentives for both employers and employees who participate in or contribute to the provident fund. This would make retirement savings more attractive and widely adopted.

10. Encourage Voluntary Contributions Beyond Mandatory Rates

In the U.S., employees can voluntarily contribute additional amounts to their 401(k) accounts beyond the minimum requirement. Bangladesh can adopt a similar approach by allowing and encouraging employees to make extra voluntary contributions to their provident fund accounts. This would provide more flexibility and help individuals build a stronger financial cushion for retirement.

Conclusion

The analysis of the U.S. retirement system, particularly its 401(k) model, reveals several best practices that Bangladesh can adopt to strengthen its provident fund system. In the United States, employees benefit from flexible, well-regulated, and inclusive retirement plans that offer both mandatory and voluntary contributions. These features not only enhance individual financial security but also reduce reliance on family members during retirement. In contrast, Bangladesh's current system is limited in scope primarily favoring government employees while private sector workers face uncertainty and lack access to robust retirement planning mechanisms. The absence of diversified investments, voluntary contribution options, and portability further limits the growth and reliability of provident funds in Bangladesh. To address these gaps, the report recommends introducing defined contribution plans, promoting voluntary savings, ensuring digital transparency, offering tax incentives, and implementing strong regulatory oversight. By adapting these strategies, Bangladesh can move toward a more inclusive and sustainable retirement system. Such reforms would empower all workers regardless of sector to actively plan for their futures, reduce inequality, and foster long-term economic resilience. Implementing these recommendations is not only necessary for protecting aging populations but also for building a more secure and equitable financial system for generations to come.

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