Report On

Retirement Plan Adoption in Bangladesh and the United States: A Comparative Analysis

By
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An internship report submitted to the **BRAC Business School** in partial fulfillment of the Requirements for the degree of
Master of Business Administration (MBA)

BRAC Business School
Brac University
November 27, 2024

Declaration

By submitting this report, I/we affirm that:

1. While enrolled at Brac University, I/we thus attest that the internship report we filed was entirely original.

2. With the exception of properly referenced passages, this report does not include any third-party or previously published content.

3. The report is free of any content that has been approved or submitted for another academic credential.

4. All major sources of assistance have been recognized by me or us.

Student's Full Name & Signature:

Arpan Chowdhury
20364003

Supervisor's Full Name & Signature:

Dr. Mohammad Enamul Hoque
Assistant Professor, Brac Business School
Brac University.

Letter of Transmittal

Dr. Mohammad Enamul Hoque

Assistant Professor of Brac Business School
BRAC University

Kha-224 Merul Badda Dhaka 1212, Bangladesh

Subject: Internship report submission on Retirement Plan Adoption in Bangladesh and the United States: An Overview.

Dear Sir / Madam,

Here is my Internship Report, which I am proud to submit on "Retirement Plan Adoption in Bangladesh and the United States: A Comparative Analysis" as part of the requirements for the Master of Business Administration degree. My internship at Data-Path Ltd. provided me with invaluable experience, and I've documented it all in my report. The whole time I was an intern at Data-Path Ltd. was really interesting and motivating. The primary focus of this paper is on the disparities between the retirement industries of Bangladesh and the United States. Furthermore, this study discusses Data-Path's "BPO" Department, which is one of the most prominent departments in comparison to the others.

I made every attempt to adhere to your recommendations when producing this report. I could not have completed this report without your support; thus, I am grateful. Your acceptance of my report and your assistance in my pursuit of a degree would be very appreciated.

Sincerely yours,

____

Arpan Chowdhury

20364003

BRAC Business School

BRAC University

Date: November 27, 2024.

Non-Disclosure Agreement

As part of the internship, the undersigned student from BRAC University has agreed to work with Data-path Ltd. on a project, and the student has also promised not to disclose any proprietary information about the company or its clients.

Acknowledgement

My deepest gratitude goes out to Dr. Mohammad Enamul Hoque, my esteemed supervisor, for all of the time, effort, and concern he put into ensuring that my internship report was completed to my satisfaction.

Manager Sania Tasnim has been an incredible mentor to me during my internship, and I am grateful beyond words. Secondly, I'd want to express my gratitude to Sania Tasnim, my manager, and Mosharrat Kabir Ananto, my team leader, for the consistent updates they've given me on the American Retirement Plans. The help of my teammates was crucial to making it happen. I am profoundly indebted to them since their unwavering encouragement and guidance enabled me to gain crucial work experience and proficiency.

Since learning never stops, my 4 months internship work experience at Data-Path Ltd. has been unique and has given me the chance to discover new things about the sector.

Executive Summary

This report contains all the information and abilities that were gained throughout the internship. This article aims to show how the plan processors at Data-Path Ltd. vary from their Bangladeshi counterparts in terms of strategy and processes as they pertain to the retirement business in the United States. It also shows how TPA does business internationally. The report is divided into three sections. A summary of the internship is given in the first section, including everything from the job description to the challenges encountered. The second section provides an overview of Data Path Ltd. It also provides an overview of the company's management practices and industry. The report's aim and objective are covered in the third section. It gives details about the governing bodies of the American Retirement Plan. Furthermore, it illustrates how these TPA firms operate and how a retirement plan is processed and how it is different from Bangladesh retirement plans. I included the results and suggestions pertaining to the issues I mentioned in the same section, which also served as the report's conclusion. This paper provides an overview of the difference of 401(k) market in US and Bangladesh pension plans.

Table of Contents

List of Acronyms

- IRS - Internal Revenue Service
- ASPPA - American Society of Pension Professionals & Actuaries
- BPO - Business Process Outsourcing
- RPF - Retirement Provident Fund / Retirement Plan Fundamentals
- TPA - Third Party Administrator
- QKA Runs scored by the opponent team
- HCE - Highly Compensated Employees
- NHCE - Non-Highly Compensated Employees
- DOL - Department of Labor
- ACP - Average Contribution Percentage
- ADP - Average Deferral Percentage
- SIMPLE - Savings Incentive Match Plans for Employees
- Employees ERISA - Employee Retirement Income Security Act IRC
- RK - Record keeping

Chapter 1: Internship summary:

1.1 Student Info:

Name:	Arpan Chowdhury
ID:	20364003
Program:	Master of Business Administration
Major:	Finance

1.2 Company Info:

1.2.1 Company Info:

Period:	03/01/2023 to 31/04/2023
Company:	Data-Path Ltd.
Department:	BPO
Address:	Level # 10, Rupayan Shopping Square, Sayem Sobhan Anvir Rd, Dhaka-1229

1.2.2 Internship Company Supervisor:

Name	Sania Tasnim
Designation	Assistant Manager, BPO.

1.2.3 Job Scope – Job Description/Duties/Responsibilities

As soon as I started out at Data Path, I received training on the American Retirement Plan Fundamentals to familiarize myself with the field I would be working in. During my two weeks of training, I was only taught the subjects covered in the book "Retirement Plan Fundamentals (RPF)." I was put in charge of the "Business Process Outsourcing (BPO)" division after the training sessions and tests. The BPO division puts its customers before July Business Services. The majority of the department's employees are employed by July Business Services, which sets it apart from others.

1.3 Internship Overview:

1.3.1 My contributions:

As an intern, I felt that I made very little addition to the business. I however did everything in my power to support the business. In addition, I have no doubt that my team leader and supervisor are happy with my work. I've worked on a number of live plans thus far.

1.3.2 Advantage to the pupil

My tenure with Data-Path Ltd. has imparted extensive knowledge, particularly in the administration of 401(k) programs. The internship I completed here has the potential to evolve into a full-time career. The competencies and expertise necessary to serve as a plan administrator are challenging to acquire. However, due to the organization's motivating personnel and supportive learning atmosphere, I was able to grasp the difficult content rapidly.

- Proficiency in Excel – Data-Path Ltd. extensively utilizes Microsoft Excel, providing me the opportunity to acquire advanced Excel skills. During my four-month internship, I acquired substantial understanding about utilizing Excel more successfully and efficiently.
- Manage pressure - Working within the bounds of the US fiscal year and the deadlines set by the IRS, Data-Path Ltd. had to do big jobs in short amounts of time. So now I have to prove that I can work even harder when the stakes are high. The pressure from my bosses built up over time, but I was able to adapt and deal with it until it got too much. I can now handle high-pressure situations with greater ease and adaptability because of this.
- Accountability - Working at Data-Path Ltd. taught me the value of taking ownership of my job. In most cases, upper-level management will hold an intern's supervisors accountable when the intern makes a mistake. All of my actions and work were completely my responsibility. My job became more precise, and I felt more responsible as a result.
- Time Management - At Data-Path Ltd., where we receive daily responsibilities with associated deadlines, I acquired significant knowledge regarding time management and timeliness. Failing to do things punctually creates issues not only for myself but also for my teammates, who often depend on me. Timeliness was vital, since tardiness impacted on the entire team, instilling in me a greater sense of efficiency and punctuality.

1.3.3 Lacking

- Lack of Work-Life Balance - It became clear to me that Data-Path was getting in the way of maintaining a healthy work-life balance. I saw that work took up a significant portion of my time as an intern.
- Comprehending the American Retirement Plan Sector - The American retirement system

is vast. Companies are not required to provide retirement plans to their workers, although many do so as an added perk. I made the mistake of trying to draw parallels between it and the pension system in Bangladesh at first, but I quickly learned throughout the training that there are significant differences. Consequently, I had a hard time grasping the ins and outs of the US retirement industry in this instance.

1.3.4 Suggestions

- A major overhaul of their current practices is required to improve their training program.
- The firm is wholly reliant on internet connectivity; hence, they should contemplate upgrading their network for increased speed and efficiency. Furthermore, staff will experience significantly less frustration from connectivity issues.
- To find the best person for the job, you need to be more aggressive while hiring. They have room to improve their strategies for growth.

Chapter 2: Section on Organizational Overview and Analysis

2.1 Introduction

An in-depth examination of the outsourcing industry is provided in this internship report, with a particular emphasis on the relocation of RPF accounting procedures from America to Bangladesh. As a result, current government policy makes it critical to understand how the RPF benefits American retirees.

Americans exhibit an adverse tendency to expand their income without allocating any for savings. Consequently, businesses offer benefits that serve as a safeguard against catastrophic events, especially in later life. Moreover, such rewards might enhance staff motivation and self-assurance. Life insurance and disability compensation are two notable perks.

To help retirees in the United States with a comprehensive and contemporary retirement strategy, the Internal Revenue Service, the Department of Labor, and ERISA created the 401(k) Retirement Plan. No company may handle its own security plan; instead, they must submit their plans to an outside agency. The term "TPA" is used to describe these outside groups. It is currently law in the United States that all businesses must provide their workers 401(k) plans. It would be very difficult, if not impossible, to legally take advantage of retirement schemes for personal gain because of the intricate and detailed laws and regulations that regulate their upkeep.

2.2 Data-Path Ltd.: an overview

2.2.1 Brief introduction of Data-Path Limited.

When my internship was up, I was selected to be a full-time employee at Data-Path Limited. It is the first outsourcing company that offered 401k services ever to be officially registered in Bangladesh. Data-Path Limited and July Business Services work together. Jim Hudson and John Humphrey own July Business Services, with whom it partners. Along with his role as CEO of Data-Path Ltd., Mr. Ashfaqur Rahman also owns the company.

Data-path commenced testing operations of July Business services in 2005. In 2006, July Business Services received operational support from Data-Path Ltd. They commenced employment with July Business Services in 2008. The organization used proficient personnel for the July Business Services. Initially, it employed little more than 10 individuals. This organization presently employs over 250 individuals, providing them with exceptional perks. July Business Service specializes in the USA 401(k) retirement sector and various management services, acting as a professional service provider for its clientele. Collaboration with colleagues and employers is essential for all services. It also facilitates the organization's attainment of its objectives. This enterprise possesses extensive experience in this domain. The business partnered with several entities, including brokerage firms, mutual fund providers, banks, and financial advisors, among others. At the conclusion of 1996, the company had 240 retirement plans and only 5 workers. July Business Services employs more than 250 individuals and provides in excess of 5000 retirement plans.

Uttara, Dhaka, Bangladesh is the site of Data Path Ltd.'s 2006 founding. A group of six exceptionally qualified individuals were in charge of creating the firm's structure before it began operations. After reaching a staff of fifty, the company moved to Gulshan. Around that time, July Business Services started cutting back on employees and started outsourcing a lot of work to Data Path Ltd. From 2015 onward, the firm saw significant expansion. July Business Services is just one of many American companies that sees outsourcing as a potential opportunity. Even though they set up shop in their own office, they began outsourcing their business processes to Data Path Ltd. Lots of TPA's corporate clients are using the Data Path service right now. Dhaka is now the site of Data Path Ltd.'s operations. Data Path Ltd. is currently located on two separate sites. The first location is in L-block, Road No. 8 in Bashundhara. The second one is located in Rupayan Plaza, Bashundhara.

2.2.2 A Review of Data-Path Ltd.'s Past

A wholly owned subsidiary, Data Path Ltd., was formed by JULY in 2006 to administer outsourcing and software development contracts. Dhaka, Bangladesh's Datapath team has grown substantially and now employs more than 350 experts. Many of our staff members have worked in the field for years and have earned ASPPA certifications as a result.

In 2008, Mr. Ashfaqur Rahman took the helm as Chief Executive Officer and Managing Director of Data Path Ltd., a prominent outsourcing firm. Many local and international businesses receive assistance and resources from the group. The fundamental goal of Data Path is to uphold and safeguard the traditional principles of honesty and professionalism while also incorporating elements of innovation and creativity via the use of cutting-edge technology. Data Path works with customers to help them achieve high-performance business results by leveraging their considerable expertise across many industries and business processes, as well as their substantial research on successful businesses. Using resources from our facilities in Dhaka and the United States, JULY's Outsourcing Services for Third Party Administrators (TPAs) now manages team competences and leadership with proficiency.

2.2.3 Mission, Vision and Goal of Datapath

Vision: Data Path Ltd. aims to establish itself as the preeminent entity in the outsourcing sector.

Mission: By leveraging cutting-edge technology, their aim is to offer clients high-quality work efficiently. At its heart, the company is all about change and innovation.

Goal: Data Path Ltd.'s principal mission is to increase client value by satisfying their needs in every way possible via the provision of first-rate products, services, and creative support.

2.2.4 Core Values

A collection of guiding principles and core concepts, referred to as company values, facilitates collaboration among individuals to achieve a common objective. The subsequent are the key values of Data Path Ltd.

- Quality-Oriented
- Receptiveness to Innovative Ideas
- Creative Solutions to Challenges
- Acknowledgment of Accomplishments
- Commitment to Individuals
- Collaborative Efforts
- Expertise in Technical Domains
- Concentrate on Results
- Flexibility in response to new rules and regulations
- Effective Communication
- Positive Perspective

2.2.5 Services offered by Datapath.

Data Path Ltd. offers customized solutions designed to improve operational efficiency in essential processes of Third-Party Administrators. The retirement sector holds substantial importance and exerts significant influence inside the United States. This industry greatly influences the United States economy. Workers can choose to have their pension funds invested in money market accounts. They use a variety of investment vehicles to spread their capital. Because of this, the US financial market is so large. Data Path's services, however, are detailed in the paragraph that follows:

1) **Selection and administration of Plans:** Data Path is responsible for full recordkeeping and administrative services, including plan documentation, form development, compliance testing, and related tasks.

2) **Plan Design:** The design phase must be initiated prior to the commencement of any new retirement plan procedure. Plan design strategies must take into account several factors, rules, norms, and regulations. It is critical to strategically formulate a plan that successfully fulfills discriminating criteria. This approach has to put the owners' needs first without unfairly hurting regular people's jobs. In addition, you must think about the many types of contributions that will go into the plan and which employees might not be eligible to receive them.

3) **Plan Setup:** A number of administrative steps must be taken in order to assess the yearly Plan statements pertaining to current and past RPF plans. "Plan setting" is a popular term for this procedure. There is a plethora of steps that follow in developing processes for a plan:

- Creation of Documentation
- Development of Questionnaire
- Checklist Compilation
- Preservation of Record-keeper Statements

- Formulation of Loan Policy
- Creation of Amendment Reports

4) **Adoption Agreement:** Data Path assists customers in formulating adoption agreements in a structured, plan-specific style. The obligation of plan documentation encompasses the subsequent task:

- Documentation for Prototyping and Planning
- Records from High-Volume Senders
- Synopses of Plan
- Procedures for Making Loans
- Make sure the plan documentation are prepared according to the guidelines provided by the IRS and DOL.
- Creating the Summary Plan Description so that it may be sent to everyone involved in the plan.

5) **Plan Administration:** Here, the Data Path carries out the steps outlined in the plan to finish the computations, estimates, and accounting procedures. Joining in electronic correspondence with customers. Several procedures related to this stage are detailed below:

- The process of incorporating information gathered from a comprehensive survey of a population, known as a census, is known as census importation.
- Census verification entails confirming the precision and comprehensiveness of the census data.
- Eligibility calculation involves assessing persons' qualifications or entitlements according to defined criteria.
- The word "vesting calculation" refers to the process by which a person's retirement plan ownership or interests are determined.
- Determining the value of monetary or asset contributions made to a retirement plan is known as contribution computation.
- The process of allocating contributions to different retirement plan accounts is known as contribution distribution or assignment.
- The process of comparing and adjusting contributions to ensure accuracy and consistency is called contribution reconciliation.
- Verifying and adjusting loan transactions inside a retirement plan is what loan reconciliation is all about.
- "Ending" means that something has come to a close or finished. Verifying the correctness of financial documents, particularly those pertaining to assets, is the purpose of balance reconciliation. Asset reconciliation is a part of this process that seeks to verify that the values recorded for assets match their actual values.

6) **Conversion and Configuration of Plans:** Direct services are available through Data Path's Preferred Partner Network to improve all parts of policy management or arrangement switching. Several procedures related to this stage are detailed below:

- Develop Application Documents
- Organization of Enrollment Assemblies
- Prepare the Preliminary Documentation

- Steps to Take When Making a Contribution
- Assisting in the Transfer of Properties
- Make sure you address the letter to your previous service provider.
- All types of acquisitions and mergers require informational coherence.

7) **Administration Services:** To ensure the efficient and effective execution of plans, Data Path offers a range of services:

- Keep records of the participants' vested percentages.
- Evaluate the criteria for the allocation of employer contributions and forfeitures.
- Allocate contributions from both the employer and the employee.
- Allocate the earned revenue in accordance with a pre-established strategy.
- Find out how the forfeitures were distributed if such information is relevant.
- Divide up the money in the participants' accounts. It includes a number of tasks, including determining the distribution amount, creating the necessary distribution notices, filling out release forms, and filing IRS Form 1099-R.
- Assist with the handling of loan applications submitted by participants. Account opening, promissory note and amortization plan creation, and repayment monitoring and documentation are all parts of the loan processing method.
- Make it easier to withdraw funds due to financial difficulty. There are two main parts to the hardship withdrawal process: determining the amount to be released and gathering the necessary application paperwork.
- Reconciling assets. The purpose of a trust account reconciliation is to ensure that all financial data is accurate and complete.
- Collect participant statements.
- Keep an eye on the people who are required to get payouts when they reach 70½ years old.

8) **Compliance Testing:** A critical aspect of US retirement plans is their annual requirement for compliance testing. In order to ensure that retirement programs are run in accordance with government requirements, it is necessary to conduct a number of evaluations each year as part of compliance testing. When all retirement plans have completed their compliance testing, the data route will help plan sponsors with the proper maintenance of their programs. Every year, the following compliance checks are carried out:

- **ADP ACP Test:** To ensure that there is no significant disparity in the contribution ratios of Highly Compensated Employees (HCE) and Non-Highly Compensated Employees (NHCE), the ADP ACP test is administered. Plans that do not follow the safe harbor requirements should not be tested.
- **402g Test:** This evaluation confirms that the yearly contribution cap set by the IRS is being maintained by the employees. One participant's maximum employee contribution for 2022 is $20,500. For 2022, the maximum employee contribution is $27,000 (including catch-up payments), with an extra $6,500 allowed for participants over 50 years old.
- **Deduction Test:** The deduction test is often referred to as the 404 tests. This assessment evaluates whether employer contributions surpass 25% of the authorized pay for all participants.
- **Annual addition Test:** The 415 test is another name for the yearly addition exam. The

maximum contribution that a participant is allowed to make in a plan year is highlighted. The highest amount a contestant may get in 2022 is $61,000. The participant can receive up to $67,000 in catch-up contributions if they are eligible. You can change this restriction. It changes every year. The maximum yearly contribution was raised from $61,000 to $66,000 in 2023.

- **Coverage Testing:** 410(b) test, among other names. One way to measure the plan's efficacy is to look at the coverage ratio, which measures how many highly compensated and non-highly compensated employees really get benefits. The coverage test fails if the ratio falls below 70%.
- **Compensation Ratio Test:** Qualified compensation for a retirement plan often does not include things like commissions, bonuses, or overtime. If these conditions are not met, then it is necessary to conduct a compensation ratio test, with special emphasis on the HCE and NHCE compensation ratios.
- **Form 5500** Qualified compensation for a retirement plan often does not include things like commissions, bonuses, or overtime. If these conditions are not met, then it is necessary to conduct a compensation ratio test, with special emphasis on the HCE and NHCE compensation ratios.
- **Form 5330:** The plan sponsor's late contributions are addressed in it. For small plan filers, the deadline for sponsor deposits of employee contributions is three business days after payroll is submitted. Up to seven business days may elapse before a major plan is finalized.
- **Consultancy:** In a retirement plan, the money that both the company and the employee put into it doesn't just sit in the record keeper's bank account. In order to help members, grow their wealth, funds are frequently put aside for investing purposes. Data Path Ltd. acts as a financial advisor, advising customers on potential investments.

2.2.6 Key Partners

July Business Services' functional office, Data-Path Ltd., keeps the same strategic partners. July Business Services brings in some new partners and Data-Path Ltd. introduces others. Because of the significant impact they have on how quickly we may reach our goals; all of our key partners are seen as assets.

❖ All earnings must be held at the Record Keeper's, which functions as a specialized bank for the management of retirement plan money. It is mandated by law to ensure openness and security. Although the actual funds are held at RKs, TPA businesses oversee retirement operations and monitor the finances. Some of the Record Keepers with whom Data-Path Ltd. collaborates are:

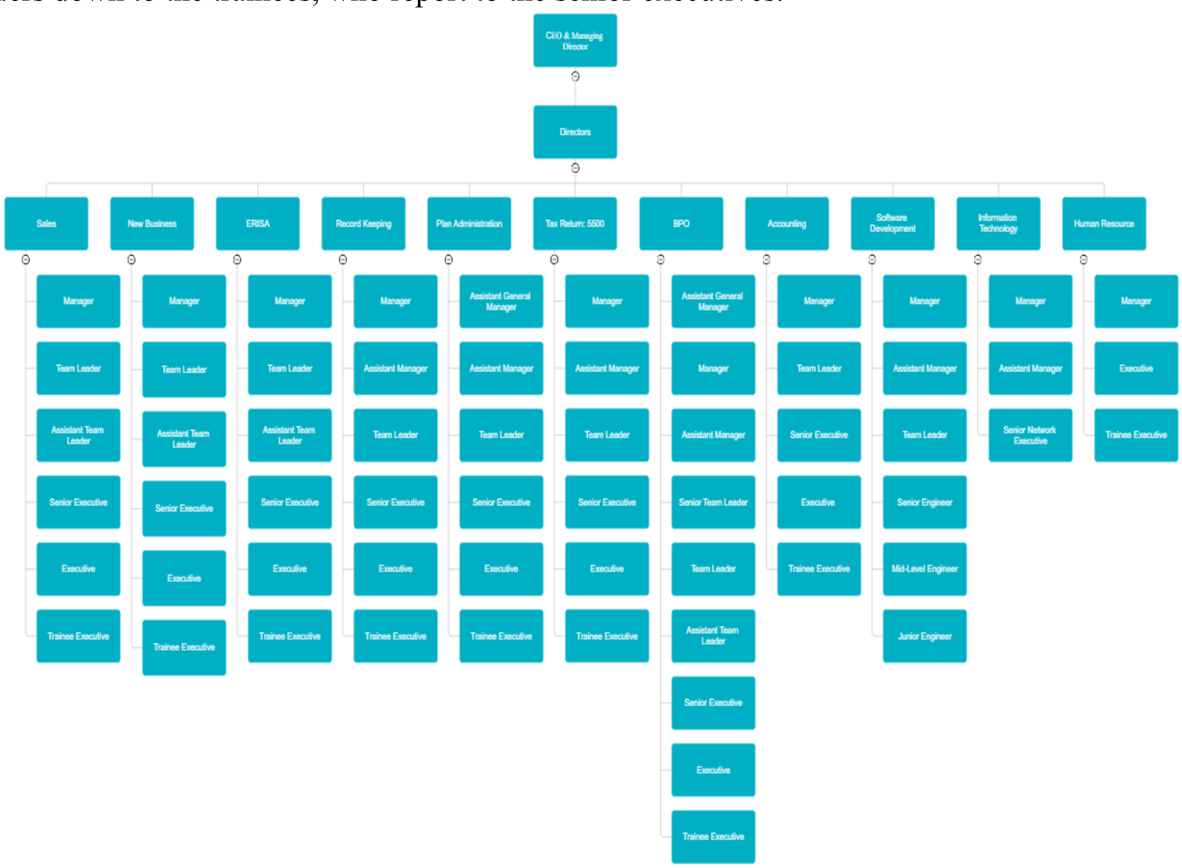
- Empower
- Principal
- PCS
- John Hancock
- Transamerica
- American Funds Recordkeeper Direct

- Lincoln
- Voya
- Ameritus

❖ July Business Services was the first U.S. TPA to send a business process to another nation. They were quite successful in their endeavor. July jumped at the chance to show other TPAs they could compete once they realized they had the people and resources to do it. With over 300 employees and the most income, July Business Services and Data-Path Ltd.'s BPO department is now the most productive. In addition, Data-Path Ltd. handles the bulk of operational tasks for 20 more TPA clients.

2.2.7 Organization Hierarchy

There is a consistent organizational structure that all Data-Path Ltd. departments follow. Under the supervision of the Company's General Managers, each Department is headed by an Assistant General Manager. Within each department that reports to A.G.M., there is a team leader that reports to the Assistant General Manager. There is a clear chain of command from the team leaders down to the trainees, who report to the senior executives.



2.3 Data-Path management style

2.3.1 Methods of Leadership

The owners of Data-Path Ltd. are staunch advocates of democracy. A more democratic form of leadership encourages employees to feel valued and respected, which in turn makes it easier for them to contribute to decision-making and problem-solving. Collaborating with coworkers leads to better understanding and better results in the workplace. The group's problem-solving process begins with an open discussion of the problem, when every member is given the opportunity to share their thoughts and work together to find a solution. This makes problem-solving easier and faster. But that isn't the only place where democratic leadership and collaboration shine. Since most choices are based on group input, this strategy also reduces disagreements among employees.

2.3.2 Human Resource Planning

Since experienced applicants are hard to come by for the open positions, Data-Path Ltd. relies only on interns and trains them before recruiting them full-time. The only departments that may freely hire qualified individuals are HR, IT, and software development, with a few notable exceptions. When hiring new employees, Data-Path Ltd. stands out from the competition in Bangladesh by placing a premium on candidates with strong analytical and IT backgrounds who can also guarantee their continued success with the firm.

2.3.3 Salary Structure

All employees at Data-Path Ltd. are entitled to a standard pay rate for their position. However, this rate is reviewed annually and then used to determine compensation for the next year, and so on. Annually, the workforce is compensated depending on their performance. This incentive or prize is distributed four times a year.

2.3.4 Growth and Training

Data-Path Ltd. employees are constantly faced with new challenges and are expected to think outside the box to find answers. Because of this, the team is continuously learning new things, which means they are more experienced and knowledgeable. Since the DOL and the IRS established the basics as standards, all workers get the same first training. When new clients or unanswered questions call for specialized training, Data-Path Ltd. hosts training sessions and evaluations to educate their staff.

2.4 Analysis of Industry and Competition

2.4.1 Outsourcing

An organization is said to be engaging in outsourcing if it contracts out some or all of its activities to an outside firm. Because this reduces the costs that the firm incurs when outsourcing the process, the overall productivity of the organization is enhanced. One company that focuses on outsourcing is Data-Path Ltd. When it comes to the US market, the TPA business is quite intricate. Because the task is usually rather difficult, they need to hire someone with a lot of experience. On top of that, they have to hand up $10,000 monthly on average. Because of this, a lot of companies in the US are moving their operations to developing nations. Because of this arrangement, they are able to pay for the wage of one American worker while employing 10 people abroad. The TPA business is one of our primary service areas here at Data-Path Ltd., an outsourced firm. Data-Path Ltd. is now used by over seventeen TPA firms to outsource their business processes.

2.4.2 Growth of the industry

The outsourcing market is growing at a rate that is really mind-boggling. Bangladesh, like with other developing nations, has a strong chance of achieving success in this sector of the economy. Additionally, the TPA market in the United States is well-structured. It is more important than ever before for firms to outsource their work to third-party providers currently. On the other hand, it seems that the trend is moving in a direction that is more favorable. As a result of the current state of the economy, a significant number of businesses in the United States are laying off its workforce. Over the course of the previous year, Data Path expanded their clientele to include a few third-party administrators. They are projecting an increase of over 25% for this year. Outside of a drop in 2018, the total value of assets maintained in defined contribution (DC) retirement plans in the US has generally been on the rise since the year 2000. A defined contribution (DC) plan allows workers to put money into a specific investment option with a certain percentage of their paycheck. The plan's principal funder is the employee. These days, 401(k) plans are the norm in the US when it comes to defined contribution (DC) plans. Defined contribution plans for retirement had a projected value of almost 9.25 trillion USD in the second quarter of 2022.

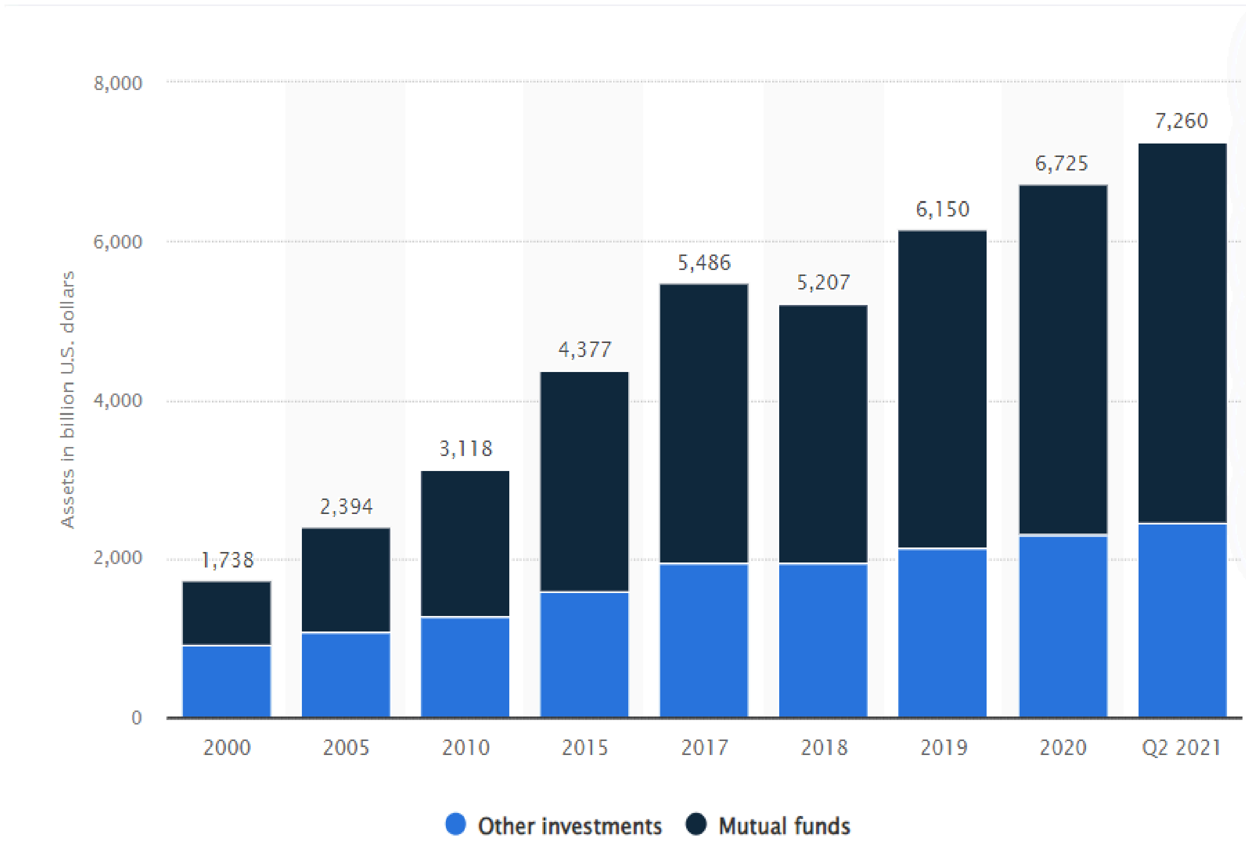


Fig: Investment in USA Retirement Plan Assets from 2000 to 2020

2.4.3 Technological Factors

At first, Data Path relied entirely on software that was considered to be the industry standard in the United States retirement industry. Each individual customer now functions independently and selects the software that best suits their requirements from a wide variety of options. Data Path's timetable has seen significant changes during the course of its existence. Data-Path has given its employees the chance to grasp the fundamentals of many different business platforms because to the great number of unique TPA clients the company has. Data Path's software development team also has the only responsibility of making software for the RPF industry in the US.

2.4.4 Entry Barrier

Being able to trust others is crucial for anybody who is newcomer to the RPF industry in the US. This industry deals with very sensitive material, which puts the TPA firm's reputation at risk. To rub salt in the wound, it can't function unless a sizable fraction of the staff have technological literacy. Sadly, a significant number of people in the United States are unaware of what the RPF sector is. Because of this, beginning an information technology company requires not just specialized talents but also a significant financial investment. Therefore, it is rather challenging for a brand-new company to enter this industry because of the competition.

2.4.5 External Factors

Our economy's favorable net earnings, living standards, and job creation are all boosted by collaborating with a globally renowned corporation like Data Path Ltd., which earns crucial foreign currency.

2.4.6 Competition in the Industry

Data Path Ltd. faces a singular significant competitor in the retirement plan outsourcing sector in Bangladesh, namely "Fin Source." They have maintained robust operations since 2011, with all key leaders previously employed at Data Path Ltd. However, there are more competitors rising day by day in this industry. Another major competitor of Data Path in recent times is Loren D. Stark Company (LDS).

2.4.7 SWOT

➢ **Strength:**

- Prevent unauthorized access to software and IT services.
- In the market, competitive competition is noticeably absent.
- Competitive with other US-based Third-Party Administrators (TPAs), the business provides a more budget-friendly pricing structure.
- Consistent expansion of businesses in Bangladesh is something that has been seen.
- An essential component is Bangladesh's acquisition of remittances from outside.
- Over a long period of time, the organization has built trust with several TPAs.

➢ **Weakness:**

- The lack of sufficiently developed software.
- The expanding service sector in Bangladesh necessitates extensive training for personnel, beginning with fundamental knowledge, which consequently demands a considerable expenditure of time.
- The promotional campaign and website demonstrate shortcomings in efficacy and quality.

➢ **Opportunity:**

- Prospects for innovative employment opportunities
- Improving potential for Bangladesh's outsourcing sector.
- Establishing cooperative relationships with a large number of multinational businesses worldwide.
- The status of the US economy affects the process.

➢ Threat:

- Cannot rely on any sources other than American-based third parties.
- A slew of new rivals has just entered the local market.
- When it comes to international markets for professional retirement services, Bangladesh is not exactly a household name.

Chapter 3: Retirement Plan Adoption in Bangladesh and the United States: A Comparative Analysis

3.1 Introduction

3.1.1 Context

BPO that is closely associated with July Business Services, is the most notable division within Data-path Ltd. July and other US TPAs receive full-service outsourcing support from this division. It is quite difficult to implement American retirement schemes. It is difficult and expensive for American businesses to maintain a separate retirement plan department, and that's before we even talk about how to execute retirement programs correctly and effectively. In essence, they have "July Business Services," which is Data-path Ltd.'s parent company, do this on their behalf. July Business Services' outsourcing method is difficult to deploy and train new employees on because of the inherent complexity of the job. There is a lot to understand and deal with in terms of retirement plans for both the instructor and the trainees, due to the intricacy of the job. Business process outsourcing (BPO) primarily aims to aid its clients by providing a range of services, such as plan administration, setup and processing, assessment, and documentation generation. These services are provided by each BPO team in conjunction with their own unique TPA. This segment is the fastest growing in the organization and serves a large number of TPAs. In order to send work to developing nations like Bangladesh, many American corporations are laying off workers.

3.1.2 Goal

The report's primary objective is to clarify the fundamentals of the outsourcing industry and American Retirement Plans. In addition, the stated goals are:

• with the goal of acquiring a full grasp of the management of the retirement plan offered by the firm.

• What is the functionality of the 401(k) plan?

• To comprehend the operational methodologies of Third-Party Administrator (TPA) organizations.

• To understand the procedure for processing and reviewing a plan?

3.1.3 Importance

The issue is crucial since it may harm recent entrants in Bangladesh's industry. The study discusses the American Retirement Plan industry and the 401(k)-plan architecture. Furthermore, does anyone know how these TPA businesses function in Bangladesh? This research also looks at how Data-path Ltd. administers and manages retirement schemes. Individuals at Data-path contributed considerably to the study's development through their experiences, records, retirement plans, and guidance. This study also highlighted the current retirement plan laws in the USA.

3.2 Methodology

Primary Research:
1) Maintaining regular contact with superiors and other senior staff employees.
2) Direct observations made while a strategy is being put into action.
3) Guidance on the theoretical and practical aspects of strategy execution.

Secondary Research:
1) Information provided by the company.
2) Searching through electronic books and journals.
3) Evaluating American Retirement Standards.

3.3 Analysis

3.3.1 Retirement Policies in US

Even in instances of private equity, the distinctive features of the US pension scheme increase its widespread attractiveness and usage by governments as well as non-governmental organizations.

Individuals can avoid paying taxes on their retirement donations to a wide variety of schemes offered by various American organizations. All members of the retirement plan are aware of their shared responsibility to set aside a certain amount each paycheck for the specified investment account. Mutual funds are one of several investment choices available to employees. There are three domestic regulatory authorities that examine and evaluate the US retirement pension policy thoroughly.

The three authorities that governs are as follows:

All taxpayer records are accessible through the **Internal Revenue Service (IRS)**, which also sets rules for retirement plan contributions by employers and employees. Many retirement plans were taxed by the Internal Revenue Service. Not only have Form 5500 filings been audited, but tax, salary, and compensation records as well.

Working people's rights and interests are priorities for the U.S. **Department of Labor (DOL)**. Standards for wages and hours worked, worker compensation, workplace safety, financial assistance, and health procedures are all areas in which the DOL establishes rules.

The primary organization in charge of crafting American retirement pension policy is the **American Society of Pension Professionals & Actuaries**, more often known as **ASPAA**. In order to ensure uniformity in matters of eligibility, vesting, prejudice, and compliance, the ASPAA must develop standards. Investment summaries, plan values, and other compliance reports are all subject to audits by ASPAA for quality assurance and validation reasons. In order to help the US government, improve its retirement program, the IRS, DOL, and ASPAA assess it. These three regulatory agencies are responsible for making sure the system is open and honest.

3.3.2 Elements of the 401(k) Industry

It was a legislative act passed by Congress that allowed retirement plans to be established in the US. Promoting retirement savings among American citizens was the overarching objective of this endeavor. As a benefit, these businesses offer tax shelter. There are two main benefits to the 401(k) program that the federal government delivers to employees who participate in it.

In order for the basic 401(k) plan to work, employees' contributions are subtracted from their gross wage. Specifically, before computing taxable income, the amount of the participant's contributions is subtracted from their earnings. As a result, throughout the applicable fiscal year, the amount that is taxable to workers is reduced by the amount that is imposed on their income. The intervention's payment is delayed until the worker decides to take the money, usually in the form of a pension.

One retirement savings plan that allows employees to put money away after taxes is the Roth 401(k). This means that once income tax is subtracted from an employee's salary, the contributions are calculated. When a person reaches retirement age, their contributions and assets are not subject to any further taxes.

3.3.3 Retirement Plans Classification

Defined contribution plans come in a variety of forms. Under this plan, everyone's accounts are kept separate. Each plan has its own maximum amount that participants may put into their accounts. In contrast to a defined benefit plan, this one does not provide any kind of retirement insurance payout. This individual is willing to take on the risk of investing. The following is a list of the many kinds of defined contribution plans:

Employee Benefits Plan: It includes a variety of benefits that businesses give to their workers and their families in an effort to improve their material, social, and mental health. Benefits like as paid time off, health and life insurance, disability insurance, and retirement savings programs are all part of these requirements. In order to protect the financial security of employees in the face of difficult times, many benefits are put into place. Research shows that increasing employee benefits helps keep employees from leaving and boosts productivity in the workplace. In addition to monetary remuneration, employees would have other advantages. There are two main types of employee benefit programs.

Welfare Benefit Plan: The following element is included in it:

- The benefits that are given out in the event of a person's death, incapacity, illness, or accident.
- The distribution of aid funds to those who are jobless.
- What a vacation can do for you.
- Programs that provide assist or instruction.
- The term "daycare center" refers to businesses that provide a supervised environment for children under the age of five during the workday or other activities of their parents or guardians.
- Scholarships are financial aid that are specifically designated to encourage academic

activities and educational pursuits.
- Legal representation with payment.

Pension Benefit Plan: A pension benefit plan is a long-term income creation scheme for individuals.

- A fundamental purpose of retirement planning is to ensure a consistent income source during retirement.
- The deferral of the portion of income liable for taxation until it is distributed.

The following are just a few of the many ways in which a retirement benefit plan helps workers:

- A pension is a benefit granted to persons upon attaining a specific age or finishing a designated period of employment.
- Benefits of disability benefits.
- Retirement benefits earned from accumulating savings. Revenue deferral is one kind of employee account plan that lets workers put off some of their pay for a while. Another example is a profit-sharing plan, where employees are eligible to receive a portion of the company's earnings based on predetermined criteria.

Pension benefit plans are categorized into two:

When participants reach a certain age, they are guaranteed a certain amount of money under a **Defined Benefit (DB)** plan. The plans determine the retirement benefits that participants will get, rather than the amounts that will be contributed to their individual accounts. Using the methodology specified in the planning agreement, the real benefit is determined. Typically, benefits are paid out at a later date, such as when the recipient is 65 years old. In the case of a participant's incapacity or demise prior to retirement, several plans further offer benefits. The majority of defined benefit plans require that beneficiaries get their benefits in the form of income, often paid out in equal installments at set intervals throughout the year or month.

Each participant in a **Defined Contribution (DC)** plan has their own unique account, which is also called an individual account plan. You can see the amount that will be deposited into your account with these programs. Each qualified member may be entitled to 5% of their Compensation or a fixed percentage of the total plan contribution, depending on the plan.

These days, you may find defined contribution plans in a wide variety of forms. Each member's own account is essential to the operation of this system. In this setting, the maximum amount that may be deposited into a participant's account is limited by the specific plan's threshold. Insurance payments are not provided during retirement, in contrast to the defined benefit plan. Taking up investment risk is the participant's duty. Defined contribution plans come in a variety of forms.

In a profit-sharing scheme, contributors or participants might get a cut of the company's earnings. There is no need that the employer uses a certain amount of income to calculate the yearly payment to the plan. The amount of the annual gift is left to the employer's discretion. This sort of plan must include a way to determine the yearly amount, but it doesn't have to be stated directly.

Depending on their financial situation, business organizations often use profit-sharing programs to determine their yearly allocation for these schemes. Depending on the rate of return or other operational considerations, employers have the option to forego making contributions in a certain year. While it is not required to make a set yearly payment under a profit-sharing program, it is crucial to make sure that distributions are substantial and constantly maintained for the plan to be viable. The employer's ability to exclude this payout from the tax return is limited to no more than 25% of the participant's qualifying income, but they do maintain control over the yearly profit-sharing distribution.

The purposes of creating SIMPLE plans were to simplify the process of administering qualified programs for their implementers and to meet the needs of small enterprises. Only businesses with no more than 100 employees are eligible to enroll in SIMPLE plans, and such plans must be offered solely by the company. If the employer pays the required amounts, nondiscrimination testing does not apply to any SIMPLE plan. Simplified Employee Pensions or SIMPLE plans are not the same thing, even if they seem similar. There are two types of SIMPLEs.

1. SIMPLE IRAs
2. SIMPLE 401(k) Plan

Since both a money purchase plan and a profit-sharing plan are individual account plans, they are quite similar. Having said that, there are notable differences. Companies are required to set aside a certain amount or percentage of members' income each year for money purchase plans, as opposed to **profit-sharing plans** where the distribution is up to the employer's discretion. Incorporated into the plan language is the calculation for exceptional contributions.

Employees who retire or leave the firm might get compensation in the form of shares of company stock through a **stock bonus plan**, which is a profit-sharing effort. As a kind of profit sharing, share bonus programs enable employers to make discretionary contributions in the form of cash or business shares. In most cases, participants can buy shares in the company with the money they put into the plan. Stockholders who get dividend payments have the option to resell their shares to the organization for a predetermined price on dates set by the business.

An **ESOP** can be categorized as a stock bonus plan that uses a selective benefaction mechanism, or as a hybrid plan that combines stock bonuses with money purchase options. A certain amount must be invested in order to acquire shares in a company. Employer stock investment plans (ESOPs) can also refer to specific components of larger plans, such as the 401(k) component of profit-sharing arrangements. An ESOP may only be defined as such if the majority of the funding comes from employer shares.

The **safe harbor plan** is similar to a 401(k), with the exception that it places an emphasis on individual employee assurances. In most cases, the agreement relieves the authorities of their responsibilities and is fully granted. One can choose between the "basic match," "enhanced match," or "safe harbor non-elective" alternatives while using this tactic.

3.3.4 Calculation and Allocation of 401(k) Plans Fundamentals

Defined contribution plans detail the process used to calculate the exact amounts of mandatory and voluntary payments in the portion of the plan document pertaining to contributions and allocations. If they so like, profit-sharing plan sponsors can decide how often and how much money is paid out each year. The IRS sets a maximum contribution amount that profit-sharing program sponsors are allowed to make in any given fiscal year. Businesses' methods for coordinating 401(k) contributions will also be detailed in the plan documents.

Certain conditions must be met before employer contributions can be claimed as tax deductions. Although it is not always the case, the plan year is usually structured to coincide with the sponsor's fiscal year. Any qualifying participant whose yearly gross remuneration is more than the IRS's maximum level will not have their payments included in the aforementioned calculations.

3.3.5 Fundamentals

Benefit and contribution or allocation parts of a plan agreement often contain the definition of remuneration. It is common practice to consider an employee's total **compensation** as a measure of their value and impact. Plan sponsors have the power to change some parts of compensation, such relocation fees and discretionary deferrals, as long as the new definition of compensation doesn't go above the limit set by the IRS.

Eligibility: The first step in determining who may and cannot participate in this plan's enrollment or treatment is to define participants and provide staff the authority to make decisions. Collective employees, like union members, are usually considered employees under this contract. Any employee with a U.S.-based source of income can join the program, with the exception of non-resident foreigners. The word "qualified" is commonly used to describe a candidate who satisfies the requirements for being an employee as well as the qualifications itself. This is because these phrases are often used in the plan section of the papers instead of the definition section since eligibility computations cross-reference so often.

Normal Retirement Age (NRA) and Early Retirement Age (ERA): A typical retirement age is distinct from a typical retirement date, although some planners conflate the two. Typically set at 65 years of age, the term "normal retirement age" denotes a specified chronological baseline. The participant's 65 years of service coincide with the fact that it has been five years since they first joined the plan.

Hours of Service: Consistent service hour levels require adherence to the requirements of the Internal Revenue Code and the Department of Labor. Service hours, which include vacation, sickness, holiday, and military time off, are commonly calculated automatically for employees. Grant applications also need to provide the total number of hours worked during the plan year in order to fulfill eligibility, grant, and incentive distribution requirements. In line with IRS regulations, the average amount of time spent providing services is 1000 hours.

Years of Service: It is common practice to evaluate an applicant's qualifying for the plan throughout the first year of work, which is often defined as the full twelve months ending on the last day of the employee's hire date.

HCE Determination: The following conditions must be met for a member to be considered a highly compensated employee under the plan:

- Over five percent of the asset is owned by the Participant.
- Regardless of whether we're looking at the prior or current year, remuneration is higher than HCE compensation.

- When a participant's family tree spans three generations, with one descendant and two grandparents, and when that participant's relative is a part of the plan. The relative in question will be granted an HCE.

Key Employee: Acknowledgment of important staff is contingent upon certain conditions being met.

- If an employee's pay is more than $150,000 and they control more than 1% of the company.
- If the employee has an ownership interest greater than 5%.
- As an officer, this person will earn a minimum of $150,000 in indexed yearly compensation in 2021.

Compliance Testing: In order to avoid differentiating between HCE and NHCE, it is necessary to administer tests. The most common types of compliance testing include the following: coverage, 402g, yearly additions, nondiscrimination, and deduction.

Vesting: Vesting is a condition that must be satisfied before an employee may collect their termination payout. Either 1,000 hours of service or one year of duty is required to be eligible for vesting.

3.3.6 Application and Softwires Review:

1. FT William: One online filing service that follows the rules set down by EFAST 2 is FT William. Clients may electronically sign 5,500 documents on EFAST 2 with a single click using their own online interface.

2. TPA: The organization responsible for overseeing TPA services is known as a TPA. In particular, insurance claims and parts of another company's employee benefit packages. On your behalf, the TPA handles all facets of the administration of your retirement plan. Data Path and July Business Services are both described as TPAs. Not only does Data Path oversee the July service, but they also oversee a plethora of other projects that are outsourced.

3. Relius: When it comes to employee benefits software and services, Relius is head and shoulders above the competition. Those in administrative, documentational, record-keeping, and compliance-related roles Plan creation, evaluation, and record keeping for health and retirement benefit programs.

4. Unify: Unify is an online platform that offers comprehensive information regarding diverse participant transactions and an array of client services to assist them in achieving their objectives, including cash logging, cash reconciliation, and other types of distribution processing and assessment.

5. Form 8955 SSA: Plan administration under ERISA necessitates the submission of a supplemental report via Form 8955 SSA. If a plan member's benefits are delayed, they are required by law to notify the Internal Revenue Service (IRS) using Form 8955. For the purpose of completing Form 8955-SSA, TIAA-CREF provides the relevant data.

3.3.7 Retirement Policies in Bangladesh:

In 1972, the retirement plan's benefit standards were made public by the Bangladeshi government. Instead of the usual 36 monthly installments, the retirement was paid out in one big amount. Also, in 1974, instead of using a typical yearly wage of twelve months, benefits were calculated using the rate of prior payments. More so, 60% of the most recent payments were the largest. In 1977, the amount that might be used for retirement was also decided: 80% of the basic salary. The government of Bangladesh set forward uniform rules and regulations for annuities for all recipients in 1994. All people, with the exception of government employees, were covered by a universal pension scheme that Bangladesh put into effect on August 17, 2023.

3.3.8 Retirement Plan for Public Sector Employees:

A portion of the retirement funds go to government workers who have chosen to retire early as a result of downsizing initiatives implemented by certain organizations or agencies in an effort to keep the economy stable. Workers for the government may be able to collect benefits based on their previous work experience. The process includes gathering all possible government employees who may be fired, with a focus on cutting expenses. Maximizing tax income by doing away with jobs is the most important aspect. An overage in government income excess the entire amount to be given in pension funds is essential for the efficient operation of this system. A person will not be considered to have met the qualifying requirements if they are fired while doing their job tasks under the required working conditions. Annuities or compensation payments given out in lieu of certain salary terminations are illegal. Upon leaving the postal service, employees (such as teachers and other workers) whose principal responsibilities also include postal department activities will not be entitled to receive pension benefits. The following must be taken into consideration:

- It is critical that the employee be provided with a comprehensive and full breakdown of their income, retirement benefits, and additional remuneration in the case that their official tasks are changed, following all established procedures and regulations.
- It is possible for an employee to request to resign from one of their employments if they are holding two at once and one of them gets fired. Under these conditions, the government will have the last say.
- It is mandatory to pay full-time workers the proper amount for the period of notice that is shorter than three months if their job is terminated.
- It is the intention of the person to repay the money when they find work again. One way to achieve this is to subtly start a struggle for control. On the other hand, a temporary worker isn't qualified to perform it.

An **invalid** pension is a kind of financial aid that the government can provide to employees who are disabled, whether mentally or physically. As per the service legislation of Bangladesh, if someone wants to get a pension before they're 57 years old, the supervisor of the office has to get a doctor's note to invalidate the pension.

An application must be submitted to the Medical Board at the Bangladeshi embassy in the foreign nation if a participant intends to receive an inactive pension while on leave abroad.

To the health evaluation physician or regulatory body, the organization responsible for disbursing an inactive pension must provide a concise explanation, wrapped in a sealed cover letter. The individual has undergone particular types of medical treatments, which must be detailed in the declaration. If an employee is under the age of 57 and wants to claim an invalid pension, they need to file a Medical Service Report. An employee's incapacity to carry out their job duties is directly related to their senior age, as stated in the article.

There is a specific format that the medical certificate must follow. The significant difficulty in getting a medical certificate on time is at the heart of this issue, which delays the payment of a pension that would otherwise be qualified.

Superannuation: Certain government employees are eligible for a separate pension scheme after they reach a certain age. The definition of the aforementioned provision is found in the 1974 Public Service Act. Pension benefits are available to those who meet the age requirement, which is 57 years. Consequently, the age limit was altered to raise it to 65 for university students and judges alike. The repeated lack of exact birth dates, which forces the algorithm to estimate birth dates and ignore age variables, is a major issue with this pension program.

Retirement: As per the provisions of the law, the government has the power to fire an employee after twenty-five years of service if they are no longer needed to ensure the public's well-being. Nobody else can take this position as an arbitrator. Subordinate adjudicators are required to formally petition the relevant ministry in order to initiate the retirement of employees who have fulfilled the 25-year service requirement. Retired gazette officials will have their retirement plans reviewed by Bangladesh's president.

Options: A government employee has the right to inherit perks and, under certain conditions, may freely resign from their position at any point after retirement. Since there is no valid reason to reject the proposed solution, the government must consider it and, if necessary, put it into effect. Unfortunately, once this decision is made, it cannot be changed or reversed.

Family: The family of a pension-plan employee is eligible to receive a lump sum payment in the event of the employee's death. It is legal for a government employee to name their children as possible heirs while they are still serving. The board of directors retains the power to choose an alternative to the family pension in the event that no other candidates are presented.

Leave Prior to Retirement (LPR): Retirees who have accrued vacation time after the Last Pay Raise (LPR) are eligible to receive a stipend equal to twelve months' salary for any paid leave that goes unused.

Government Housing: Whether a government employee dies, is fired, or is forced to resign, they are still entitled to live in their assigned housing. According to the rules, when a retired worker passes away, their family gets to live in the flat for two years, beginning on the day of death.

The **Benevolent Fund** provides a guaranteed income to a government employee's dependents for 10 years in the case of the employee's death either while serving or within two years after retirement. Government personnel are the only ones who may participate in these pension systems. People who work for the government get these pensions. Almost all businesses in Bangladesh fail to comply with provident fund mandates, even if they are in place. Companies in Bangladesh's private sector also seldom provide retirement benefits to their workers.

Insurance for Groups: Workers in a certain area can put money into a special fund by nominating a candidate. The company will provide financial support to the family of a worker who dies while on the job. There will be a cap of $100,000 on the overall amount.

3.3.9 The Universal Pension Program:

It was in Bangladesh that the first ever Universal Retirement Scheme was launched. A retirement payment program in Bangladesh called the Universal Pension is being run by the government. A person's age and evaluation of their contributions determine the amount of this prize. Once a certain number of qualifying contribution years have passed, pension benefits can be claimed. With the exception of government workers, all citizens are entitled for pension benefits under that program. The official journey began on August 17, 2023, when former Prime Minister Sheikh Hasina took office. Anyone who is at least eighteen years old can now register online. All residents should receive benefits from the national pension system, according to the National Pension Authority. As people live longer on average, the population is getting older. Therefore, their social security will be provided by the universal pension system.

3.3.10 Eligibility Criteria for Universal Pension Scheme:

Participation in this endeavor is open to everybody between the ages of 18 and 50, regardless of their occupation, as shown on the National Identity Card. For the public pension program to be accessible, a national identity card must be in possession of the participant. Nevertheless, there is a loophole for Bangladeshi expats without a national ID. They can use their passport to register in such cases. This person must get a national identity card without delay and submit it without fail. Also, keep in mind that expats will get their pension payments in the local currency, but they will get premium payments in a foreign currency. The government hopes that by taking this action, the country's foreign currency reserves would grow.

In addition, concerns pertaining to old age have received special attention. Anyone who reaches the age of fifty can sign up for the national pension program. After 10 years of payments, he will be eligible for a pension in this case. As things stand, people will start getting their pension payments from the government on their own when they reach 60 years old. They are now released from any further financial obligations. If someone enrolls in the program when they are 55 years old, they will start receiving pension benefits when they are 65 years old.

When it comes to social security, those who are eligible take part in the scheme that works best for them. Giving up the advantages that come with being a part of the social security system is a requirement of participating in the program. Fill out the designated online form to submit an application if you are a citizen of Bangladesh, regardless of where you now reside. It will be given a unique identification number.

3.3.11 Fundamental Regulations of the Universal Pension Scheme:

The Universal Pensions Management Act, 2023, that came into effect on January 31, 2023, is the legal framework that created the program. For its proper implementation, certain rules have been set up, and these rules also apply to workers in the private sector.
Participants must be between the ages of 18 and 50, as shown on their National Identity Card (NID), in order to be eligible for this plan. For a period of 10 years, citizens who are 50 and older are eligible for special treatment while accessing the system. He can get a lifetime pension after paying for ten years in a row.
To take part in the program, you must register online. In order to take part in the program, Social Security beneficiaries must give up their previous benefits.

From the start of the scheme, a separate account will be created for each contribution.
It is possible for a retiree to die while receiving their pension but before they reach the age of 75. In that case, the pension will be paid to his successor or candidate for the remaining term.
Installments are another potential time for this unsavory situation to manifest. In the unfortunate event that the subscriber does not live to complete the mandatory 10-year program term, the nominee will be entitled to receive both the total subscription amount and any earnings that have accumulated.
Contributions made for a pension will be treated as an investment. When the pension begins to accrue monthly installments, the beneficiary will not be subject to income tax on those funds.
Mobile financial services, like other government services, will be subject to a standard service fee beginning August 16, 2023.

3.3.12 Universal Pension Scheme types:

Six programs have been implemented by the government. Regardless, four initiatives have been carried out thus far. This group includes the entities **Somota, Surokkha, Progoti, and Probash.**

1) **Probash:** Only Bangladeshi nationals working or living outside of Bangladesh are covered by this policy. There are three different subscription costs for this service:5,000,7,500, and 10,000 BDT each month. An individual has the option to send a payment in their current home currency that is equal to the amount of this contribution. You can also use the local money when you go back to the nation. It is also possible to change the immigration framework if that is deemed essential.

   Probash is the name of the government pension program that aims to provide expatriate Bangladeshis with significant benefits. For donations made, a bonus of 2.5 percent will be given. The monetary incentive, however, will not go toward building a pension. Payloads are sent directly to the bank accounts of subscribers. It is also possible for the contributor-authorized person to choose to withdraw the incentive amount. The data shown above is courtesy of the National Pension Authority. There are no up-to-date statistics available about the number of Bangladeshis living abroad. The former prime minister, Sheikh Hasina, addressed the national parliament in July that more than 1.49 million Bangladeshis live in 176 other countries.

Probash
Expatriate Bangladeshi

জাতীয় পেনশন কর্তৃপক্ষ

Monthly instalment	Tk 5,000	Tk 7,500	Tk 10,000
Instalment period (in years)	Probable monthly pension (in Tk)		
42	1,72,327	2,58,491	3,44,655
40	1,46,001	2,19,001	2,92,002
35	95,935	1,43,902	1,91,870
30	62,330	93,495	1,24,660
25	39,774	59,661	79,548
20	24,634	36,951	49,268
15	14,472	21,708	28,944
10	7,651	11,477	15,302

The Probash program provides the most benefits in accordance with the rules. This plan has three different subscription costs per month:5,000,7,500, and 10,000 BDT. Starting at age 18 results in the maximum pension that may be obtained. Contributions can be made starting at the age of 50 in order to get the minimum pension. Pension payments of 344,655 BDT per month beginning at age 60 are available to an individual who consistently invests 10,000 BDT per month beginning at age 18 and continuing for 42 years. Similarly, individuals who have paid in 7,500 BDT for 42 years would get a pension of 258,491 BDT per month, while those who pay in 5,000 BDT per month will get 171,327 BDT per month.

When one reaches the age of 60 after contributing for ten years, the pension will be 7,651 BDT for 5,000 BDT per month, 11,477 BDT for 7,500 BDT per month, and 15,302 BDT for 10,000 BDT per month. Monthly, quarterly, and yearly subscriptions are all available. All Probash Scheme installments must be paid in foreign currency using a legitimate credit or debit card.

2) **Progoti:** Workers in Bangladesh's private sector have long wished for pension plans and retirement benefits comparable to those enjoyed by government workers so that they can secure a comfortable living in retirement. Private sector workers in Bangladesh may now take use of the government's Progoti initiative. People who work for privately held businesses are the only ones this program is designed for. The Progoti scheme's subscription charge is split into three separate parts, just as the Probash plan. The private sector is open to everybody interested in this plan who can afford the monthly fees of 2,000, 3,000, or 5,000 BDT. The company and its owner can both participate in the Pragati scheme. Within this framework, the employee is anticipated to shoulder half of the overall contribution while the institution takes care of the other half.

Progoti
Private employees/institutions

জাতীয় পেনশন কর্তৃপক্ষ

Monthly instalment	Tk 2,000	Tk 3,000	Tk 5,000
Instalment period (in years)	Probable monthly pension (in Tk)		
42	68,931	1,03,396	1,72,327
40	58,400	87,601	1,46,001
35	38,374	57,561	95,935
30	24,932	37,398	62,330
25	15,910	23,864	39,774
20	9,854	14,780	24,634
15	5,789	8,683	14,472
10	3,060	4,591	7,651

A person can begin receiving a monthly pension of 68,931 BDT at the age of 60 if they continuously contribute 2,000 BDT for 42 years, beginning at the age of 18. In a similar vein, at reaching 60 years of age, a monthly payment of 5,000 BDT would result in an extraordinary pension of 1,72,327 BDT, whereas a payment of 3000 BDT would provide a monthly pension of 1,03,396 BDT.

3) **Surokkha:** Beneficiaries of the "Surokkha Scheme" are those who are self-employed or work in the informal economy. Farmers, rickshaw drivers, manual laborers, blacksmiths, potters, fishers, and weavers are all eligible to take part in this program. Thousand, two hundred, three thousand, and five thousand Bangladeshi Taka each month are the payments due under this plan. Members of this pension scheme who begin contributing 500 BDT per month at the age of 18 are eligible to receive 34,465 BDT per month beginning at the age of 60. People who reach the age of 50 will be eligible for a 500 BDT monthly pension for at least ten years. When they reach the age of 60, they will also begin receiving an monthly pension of 1,530 BDT.

Surokkha
Self-employed and non-institutional workers

জাতীয় পেনশন কর্তৃপক্ষ

Monthly instalment	Tk 1,000	Tk 2,000	Tk 3,000	Tk 5,000
Instalment period (in years)	Probable monthly pension (in Tk)			
42	34,465	68,931	1,03,396	1,72,327
40	29,200	58,400	87,601	1,46,001
35	19,187	38,374	57,561	95,935
30	12,466	24,932	37,398	62,330
25	7,955	15,910	23,864	39,774
20	4,927	9,854	14,780	24,634
15	2,894	5,789	8,683	14,472
10	1,530	3,060	4,591	7,651

4) **Somota:** This arrangement calls for a monthly payment of one thousand Bangladeshi Taka (BDT). The monthly payment for the subscriber will amount to a total of 500 BDT. A subsidy will be provided by the government for the remaining 500. Individuals who are defined as living below the severe poverty level and who do not possess the financial means to meet their basic requirements are eligible for this initiative, as stated by the Income and Expenditure Survey that was carried out by the Bangladesh Bureau of Statistics. In the present moment, those who have an annual income of Tk 60,000 are qualified to participate in this project. One of the positive aspects of this program is that the government has taken the effort to provide low-income groups with assistance equal to fifty percent of their contributions, which will make their future welfare easier.

Somota
Low-income people

জাতীয় পেনশন কর্তৃপক্ষ

Monthly instalment	Tk 1,000 (depositor Tk 500+ govt Tk 500)
Instalment period (in years)	Probable monthly pension (in Tk)
42	34,465
40	29,200
35	19,187
30	12,466
25	7,955
20	4,927
15	2,894
10	1,530

3.3.13 Procedure for Enrollment:

Although the enrollment processes for the four primary pension plans are very similar, the paperwork and proof of eligibility requirements for each scheme are slightly different. The four separate pension schemes' enrollment processes are summarized in this paragraph.
Any citizen or employee of a private company in Bangladesh, as well as those living on modest incomes, is required by law to enroll in the program through the UPension website.
The first thing to do is authenticate one's identification in order to agree to the registration conditions. People need to agree to the terms and conditions before they can go on to the next step. This benefit plan does not cover employees of any autonomous group, government agency, or semi-government organization. In addition, it is against the law to receive a social security allowance in any manner. Registration applications that include false information will be denied. In the event that errors are discovered in the application while the subscription payment is being processed, no refund will be given.

This is where you'll decide on your main strategy and income bracket. Staff members working for private companies will choose the Progoti group. From the options presented, those living abroad will choose the Probash classification. If you are self-employed or not a member of any labor union, you are required by this site to choose the Surrokha category. The 'Low Income' option is the best fit for people who are economically suffering. Consequently, in order to be eligible for the pension system, individuals are required to provide evidence of their Bangladeshi citizenship. Everyone is required to provide their full name, date of birth, phone number, and email address in addition to their National Identification (NID) number. The minimum number of digits for an NID is 10, 13, or 17. The candidate's email and cellphone number will be immediately updated with a One-Time Password (OTP). It is expected that the data entered into the online form will be automatically forwarded to the specified address.

Personal information will be the focus of the next site. Important personal facts, such as the National Identification (NID) number, photos, complete name (in Bengali and English), and parents' names, are automatically extracted and filled in by the National Identification system. Additionally, the system records and shows the user's present and permanent addresses.
The yearly income section needs to be filled out with numerical amounts. An appropriate drop-down menu will appear; choose the appropriate Division, District, and Upazila. There is a separate selection part where individuals can choose their vocation from a long list of possible careers. Please ensure that the following page is filled out under 'Scheme Information' after they have provided the necessary information.

Contribution amounts and preferred methods of payment are detailed on this page. There are three different payment choices accessible to candidates: monthly, quarterly, and annually. They may choose the one that works best for them.
Along with the necessary financial information, you must specify the preferred mode of payment. Provide the bank account holder's name and account number, preferably the candidate's or subscription payment account. People typically have two primary options when choosing a bank account: checking accounts and savings accounts. You must thus provide the routing number associated with the bank.

Include the nominee's date of birth and NID number on the next page along with all other relevant information. Choose the 'Add Nominee' button down below to go to the further details section. It is necessary to provide the nominee's cell phone number, their connection to the candidate, and the percentage of the candidate's shares. In the event that there is a solitary candidate, that person will represent the nomination in its entirety. Extra nominations can be easily added by using the "Add More nominations" option. Nobody should be left out, and everyone should have their part clearly stated.
Clicking the "complete form" button will take you to a page that lists all of your information, including your personal data, the specifics of your scheme, your bank, and your nominee. After these details and the correct information have been confirmed, the registration procedure will be closed. Once the program is finished, it may be downloaded and stored for further use.

3.3.14 Procedure for Monthly Installment Payments:

Registrants will get monthly payment reminders and information about the installment rate sent to the email and cell phone numbers they provided when they applied. Over the course of the allotted time period, contributions that are receivable in installments are required to be put into the bank account of the National Pension Authority. If the payment is unable to be paid within this time frame, it can be resubmitted up to one month later without penalty. There will be a one percent penalty for every day that goes beyond the one-month period. Otherwise, the account associated with the scheme will no longer be operational.

Disbursements can be sent monthly to the approved bank accounts by the National Retirement Council using a variety of channels, including mobile banking, internet banking, and credit/debit card transactions. Expats from Bangladesh can use their debit and credit cards to make donations.
The state pension system would levy an additional 7 BDT per thousand monthly installments if the money were to be deposited into an MFS institution. For every pension plan, there is a chance to put away 500 to 10,000 BDT per month. This expense was determined by the Ministry of Finance's Finance Department, and the Bangladesh Bank subsequently issued a formal announcement about it.

Monthly, quarterly, or yearly installment payments are available in all programs, depending on the donor's profile. When the monthly payment is successfully sent to the chosen bank account, a message will be sent to the entered cellphone number. The penalty that will be applied to depositors in the event of installment non-payment will be communicated to them.
In addition, if a company joins the pension plan as a whole, the responsibility for making the necessary payments will fall on the company and its employees equally.

3.3.15 Advantages:

With its long-awaited formal launch, the universal pension plan ushers in a new era of social security that considers the life paths of people from all socioeconomic backgrounds and occupations. With the help of four different programs—Progoti for the private sector workforce, Probash for expatriate Bangladeshis, Surokkha for the informal sector, and Somota for new income earners—a large portion of the population is now able to obtain pension benefits. This is an admirable move by the administration.
The need to rely on allowances will be eliminated with the adoption of the pension scheme. It will ensure that they are financially secure. Benefits from a pension are guaranteed to a pensioner until death. The selected beneficiary will continue to receive pension benefits in the event of the beneficiary's death before they reach 75 years of age. The pensioner's nominee will get a return of the deposit and any profit that has accumulated if the pensioner dies before the ten years of contributions are finished. Contributions to a pension plan can be deducted from taxable income as they are considered investments. The money you get from your pension each month won't have to pay taxes.
Members of the system are able to borrow up to half of their pension savings for things like weddings, home renovations, medical bills, or building or repairing their own homes. All costs, including those levied by the pension authorities, must be paid back in 24 equal payments.

3.3.16 Significance of Adequate Implementation:

Some of the country's most prominent business leaders think that a national pension plan will give the economy a boost. The current government's program is ostensibly an effort to improve people's lives by reducing poverty, boosting the economy, and guaranteeing social security for all Bangladeshis. Renowned economists have supported this effort and emphasized the need of effective management. Preventing the loss of public trust as a result of management mistakes must be a top priority. In an interview with the media, the well-known economist who served as an advisor to the last caretaker administration said that the fund represents the people's savings.

Each task related to managing the job should be carried out separately. Remembering why the fund was established should be your top priority. The government will amass a considerable sum thanks to the public pension. How well the government manages the fund determines how effective it will be. Significant dangers may be incurred if the appropriate industry is not invested in. The anticipated return on investment, the exact location and type of investment, and other factors will determine the fund's performance. The initiative was ultimately determined to have failed as a result of inadequate managerial practices after extensive deployment in several nations. The results have been good for the nations that have used management techniques well. Plenty of examples already exist.
The Bangladeshi government is making great strides to ensure that the retirement plan is well-managed and administered. The government is offering a guarantee, so there's no need to worry about pension program deposits, according to all parties. A unique number will be assigned to each pensioner. Using the number, they may constantly check the amount of their account.

3.4 Analyzing the Retirement Markets in the US and Bangladesh:

In contrast to developed nations like the US, developing nations like Bangladesh struggle to provide enough care for their aging populations. The ministry of finance anticipates that 7.5 million people will receive pensions this fiscal year. Funds would also be made available to over 1.5 million workers through other groups. The budget figures for the fiscal year 2016–2017 contradict Sarkar's claims in "The Daily Star." They show that 87% of Bangladesh's workers were not covered by a retirement benefit or severance scheme. It is reasonable to assume that Bangladesh would have a retirement problem as the country's old population ages and their inheritances decrease in purchasing power. Another point is that the COVID pandemic has recently hit seniors worse than anybody else. There have been several instances where the government of Bangladesh has failed to adequately regulate the retirement system. However, public workers frequently receive inaccurate information on their retirement benefits. Therefore, benefit-providing businesses have chosen to ignore the wage gap between their top and lowest-paid employees. On the other hand, retirement security is a major issue for the US government. In the US, the federal government offers tax breaks to businesses that help their workers save for retirement. Businesses are obligated to adhere to stringent regulations when it comes to retirement benefits in order to meet regulatory standards. The retirement market in the United States is the biggest in the world, with a value of about $26 trillion. According to Congruent Solutions, these accounts will bring in more than $430 billion by 2020 for people who keep records on retirement, handle assets and income, write annuities, and protect lives. Thanks to the retirement system, many Americans in their golden years have enjoyed financial stability and other advantages. Furthermore, compared to the general population, retirees are in a higher financial position regarding consumption, income, and wealth. There is a colossal difference between the American and Bangladeshi retirement systems. This research contributes to the investigation of these inequities and recommends strategies to control them in order to enable the United States to establish a retirement system that is more generous for its population that is becoming older.

3.5 The American Retirement System in Bangladesh - How It could work:

In most cases, a retirement scheme is set up by each government agency. When it comes to pension policy, working with an outside group would be more beneficial. A well-defined organizational framework is crucial for the successful execution of a retirement savings strategy. By easing current tensions, this plan may pave the way for Bangladesh to establish a more trustworthy and transparent corporate body. Bangladesh would be well to model its institutional structure for distribution after the TPA, which is already in place in the US. It could be prudent to choose a trustworthy and conscientious group to monitor Bangladesh's payments and delays in order to come up with a consistent strategy. His subordinates are trusted by the general public, and he will not meddle in the business of others.
In order to put a pension plan into action, it is necessary to set up an entity similar to a Third-Party Administrator (TPA). Relieving stress and building trust in the organization in charge of people's money are the main objectives of using third-party administrators. Few third-party administrators (TPAs) in the US are trusted by the retirement industry because of the sensitive data they handle. Similarly, in order to safeguard the financial assets of its inhabitants, Bangladesh has to establish a body similar to a TPA.
If the government wants to encourage banks to lend to new entrants, it may use provident funds as incentives. A pension system that is able to properly serve retirees and provide them with the ability to retain fundamental human rights is something that Bangladesh needs to build.

To narrow the gap between the country's top and poor earnings, the government of Bangladesh should think about enacting more rules for those with high incomes. To fix this imbalance, we can use restrictions, initial deferral rates, and contribution rates. Benefits will accrue to NHCE from conformity with the specified framework.

Citizens' financial literacy may be enhanced if the government provided training on retirement programs and benefits. Everyone has a right to know how their money is being spent and where their investments stand. People who are financially literate will be better equipped to understand retirement plans and choose investments that will meet their needs in retirement.

3.6 The Study's Findings:

The following results are based on my investigation of the retirement market:

Bangladesh doesn't have a specific regulatory authority that oversees pension plans and makes sure they are open, follow standards, and follow the rules about retirement plans. This is different from the US, where the retirement system is very organized and well-structured. A lot of changes and work is required in part of Bangladesh to develop a proper retirement plan system in the country. However, this will not be easy as proper planning, and guidance will be required as a first step to build the system and it may take a few years to make it all inclusive for the people of Bangladesh.

In the US, investors are regularly updated on where their money is going. Their retirement savings can be invested in any number of investment areas such as S&P 500, index funds

(Blackrock, Vanguard, etc.), mutual funds, stocks and bonds that they want. Employers are required by the IRS to maintain employee money for a set duration, and the designated organization for this purpose is the Record-keeper (for example: Transamerica, Voya, PCS retirement, Principal, Lincoln, American Funds Recordkeeper Direct). These recordkeepers' task is to track where the participant's money is being used and invested and also keeps track of the necessary details of the participants and participant's funds. They also keep details on loans or any other types of distributions taken by the individual such as hardship and in-service. There are more services that are offered by the recordkeeper. Contributors from Bangladesh do not know where their pay deductions go. The government uses the accumulated money as they see fit. This is a risky move for the participants as they do not know how their money is being used. They do not also have an idea if they will be directly or indirectly benefited from the contributed money or not. Only when workers retire or leave their jobs will they get the money. Moreover, their money is not invested in any money market such as stock or money market. So, Bangladeshi participants will not be able to grow their money unlike the US participants.

While retirement plans in the US are managed by Third-Party Administrators (TPAs), in Bangladesh the Finance Ministry is in charge of both public and private pensions. There are currently no retirement program compliance exams available in Bangladesh. This in itself poses a problem to the Bangladeshi participants. As too much control is in one hand; Bangladeshi government could foul play with the participants' money and not use it for the betterment of the economy or benefit of the individual participant. Working with an outside group such as a TPA would be more beneficial, which is already in place in the US. It will be more beneficial for the Bangladeshi government to choose a trustworthy and conscientious group to monitor Bangladesh's payments and delays in order to come up with a consistent strategy. The TPA's will also be under constant monitoring by other governing bodies that are trusted by the general public such as the Department of Labor, Internal Revenue Service and the ASPPA (American Society of Pension Professionals & Actuaries) of the USA. This will ensure a smooth operation taking place by the TPA and the governing bodies to regulate and guide and protect the interest of the Bangladeshi participants. But these strategies will take a lot of time and step by step implementation process to make it a reality.

In contrast to the retirement industry in the United States, there are no clear restrictions in Bangladesh to prevent discrimination between lower-level employees and those in higher positions. This is due to the income inequality of the country and the huge wealth disparity in the country. Even the informal sector such as farmers, rickshaw drivers, manual laborers, blacksmiths, street vendors, etc. are left out of the counting. This adds to income inequality and these people are the ones that are left out of the pension systems.

On top of that, workers have a vague idea of what they're responsible for inside the plans. They are not well informed about the pension system and also are not even interested in the system as they are busy living for the day-to-day expenses. This beats the purpose of an overall pension system for the mass people of Bangladesh.

Furthermore, without a robust retirement business to facilitate market investment, our financial sector deficiency is readily obvious. Because of this, our future financial market is underdeveloped. There is no yearly increase to the pension amount, even though seniors' living standards are directly impacted by the rising cost of living.

In the US, all plans are reviewed without bias to make sure everyone gets the same amount for the same amount of labor. There are different types of discrimination tests that are undertaken to ensure that there are no discrepancies between an employer and an employee in the US. Those discrimination tests range from coverage testing to 402g limit test, yearly additions test, nondiscrimination test, and also deduction tests. This type of tests ensures that the employees are getting the appropriate amount of compensation and protection that they deserve and employers are not discriminating or taking advantage of them by providing a lesser amount to them. These types of tests or systems are still not built in Bangladesh that ensure that all the people get to participate in the pension system in a fair amount and get what they deserve and not be taken advantage of. Until these systems are not put in place, there will always be some type of loopholes that the employers will be finding out to take advantage of and discriminate against the employees. This will be because, the natural tendency of the employers will be to ensure more productivity is gotten from the employees and also the least amount of pay that can be given. This in term affects the amount or also the tendency of the employees to invest in the national pension schemes. Until Bangladesh figures this thing out, it will be very difficult to convince the general public to even consider taking part in the national pension schemes.

US retirement plan participants can withdraw assets in emergencies or borrow against the account. The US retirement participants are allowed to take hardships or in-service or even loan borrowed against the amount they accumulated in their retirement account. They will also have to pay back the loan amount in a period of time that is set at the time of the loan taken. This gives an assurance to the participants that their money can be used for their cause in case of emergencies. Moreover, their money is put into different investment markets and firms to ensure that their money keeps growing and not just kept idle. This gives a huge motivation to the individual participants to invest as much as possible to them. Because, they know the compounding effect of investment. For example, if a Bangladeshi participant accumulates 100,000 taka in his retirement account; 20 or 30 years later after his retirement he may be able to get 100,000 to 150,000 taka. But in the US counterpart this is not the case. If a participant invests $100,000 in his retirement account; his money will be put into several different strategies such as index funds, mutual funds, stocks and bonds. So, after 20 or 30 years for example; when they retire; they may be able to get $700,000 or $900,000 depending on whether they keep investing in their pension funds until they retire. This ensures that their money is put into the economy for good and their money is growing until they retire. Members of Bangladesh's universal pension program have not received any payments as of now. This is yet another discouragement for the Bangladeshi participants not to invest in the national pension schemes. Bangladesh has a lot to learn and improve from the US retirement systems and industry.

When changing jobs in the US, participants have the option to either take their complete savings with them or move them to their new employer's account while keeping their operational funds. This type of movement of the money is called a rollover in the US terms. They are allowed to rollover the whole amount from one plan to another plan when they are switching jobs and their money is 100% vested; meaning that they are allowed to withdraw the whole amount of money they want and do whatever they want with it. They can keep it to themselves or can also put it in another plan that they will be a part of in their new job when they are eligible to take part in the new plan. This ensures that there is a smooth transition between the old and new job without their investments being hampered. Moreover, to ensure a smooth transition, the rolled over amount can be withdrawn or used by the participant as they see fit in the new plan or job. This gives them a sense of security that their money is not lost in the job transition and they are sure that they are not discriminated against.

Participants from Bangladesh are not allowed to keep their accounts when they change jobs. This is a major setback to the Bangladeshi participants and they will be hugely discouraged to invest in the pension scheme or even switch jobs. There are huge questions that need to be resolved in the Bangladeshi pension system and until they are not met; there will always be a problem in encouraging more Bangladeshi people to invest in the national pension systems. All this needs to be addressed as quickly as possible and Bangladesh can learn a lot from the US retirement system that is put in place.

Every month, in Bangladesh, the company and the worker put in a set amount. This is a rigid and old system undertaken by Bangladesh. The amount invested by the participants needs to be more flexible; so that the participants can determine their amounts according to their future plans and retirement plans. The American system is different in that it distinguishes between employer and employee contributions. No set amount is due each month. It uses a more flexible approach and the employees determine how much they want to put in the retirement fund each month. This ensures that they are in control of their retirement plans for the future and not bound by the employers. The employers may also contribute to the participants' retirement fund by giving a matching contribution up to a certain amount; let's say $2,500.

3.7 Recommendations for Retirement Plan in Bangladesh:

Some problems with the US and Bangladeshi retirement plan policies have come to my attention. However, these are from my limited scope of study from the standpoint of this project. A further in depth study is required to strategies and take action on the retirement plan industry of Bangladesh. From my limited scope I found these problems need thinking about, and here are a few ways to fix them:

- The US government ensures that its retirement plan follows all regulations and they take strict actions against discrimination. To help shape pension policy, Bangladesh, like the US, relies on non-governmental groups such as a TPA and also needs to keep some governing bodies like the Department of Labor, Internal Revenue Service and the ASPPA (American Society of Pension Professionals & Actuaries) of the USA.
- Unlike the United States, the pension market in Bangladesh is not free of discrimination. There are a lot of loopholes that need to be fixed beforehand for it to function properly. Pensions for lower-level employees in Bangladesh are lower than those for higher-level employees. This creates a huge gap and possible discrimination cases. Because of the drastically decreased pay, this is not necessarily acceptable. A robust payment and investment plan needs to be drafted by the Bangladeshi government to decrease and gradually eliminate these discrepancies. This discrimination will remain and will create a bottleneck in future if not addressed properly.
- Thirdly, a retirement bonus is given to employees in the private sector rather than a defined pension plan. This is not a better solution as it discriminates between the private and public sector employees. To ensure everyone uses the national pension system this

needs to be fixed. When these problems are fixed, their economic standing in society will improve.

- To encourage more retirement savings from workers and businesses alike, the US government has raised the 401(k) and business contribution limits. And this limit is raised year by year also to ensure that inflation is adjusted and workers are motivated to put more in the retirement system. Workers in Bangladesh often find themselves at a disadvantage due to the government's determination of pensions. That being the case, a rectification is required about this subject. If not done right now, it will be a bottleneck in the future and the Bangladeshi workforce will lose faith in the government pension scheme.
- Form 5500 and values of plans are reviewed by the Internal Revenue Service. An organization's assets and liabilities are assessed by the CA. The auditing of pension funds in Bangladesh, however, is not applicable. This is an attempt to clarify Bangladesh's pension system, which is known for being confusing. Due to this, the industry in Bangladesh needs a watchdog group. They will be tasked with ensuring proper valuation of assets and plans are reviewed and acted upon and on top of that participants are not discriminated against in any shape or form. They will also ensure that proper governance and government filings are done and all the proper steps are taken by the employers or companies.

3.8 Conclusion

After a short examination of both the US and Bangladeshi retirement systems, it is clear that Americans are more likely to put money away for their pensions thanks to the US government's policy. Within the United States of America, several retirement benefit schemes are subject to rules that have been set and criteria that have been declared. In order to ensure that a plan continues to be legitimate throughout time, the Plan Sponsor is required to comply with the conditions that have been set. In the event that any of these conditions are violated, it is imperative that consequences be imposed with immediate effect. Beneficial results can be achieved by putting into practice stringent monitoring strategies within the retirement industry. Since businesses have the ability to choose a delayed payment option that optimizes tax advantages, this presents an additional advantage in terms of tax benefits. In order to reduce the number of cases of discriminatory behaviors, the retirement plans in the United States have defined parameters for discrimination thresholds. It has been noticed that the government of Bangladesh is the lone entity that has control over the formulation and implementation of the policy regarding pensions. On the other hand, this method does not obtain uniform approval from all of the workers. This is due to the fact that the pension distribution for higher-ranking persons is more than that of their colleagues who hold lower-ranking positions. In addition, pension funds are not yet sufficient to meet the financial requirements necessary to maintain a decent level of living. It would have been beneficial to make retirement policy more equitable if a third-party organization that specializes in the creation of retirement programs had been established. From what we can see, the US pension system is more well-structured than its Bangladeshi counterpart. In addition, in order for Bangladesh to properly handle the economic shifts that have taken place, it is very necessary for the country to carry out a comprehensive review of its pension policy.

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