Challenging initiatives for Public Pension Systemin Bangladesh: Comparative Analysis between Bangladesh &USA

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Abstract:
A pension is a formula of the provision of annuities for aged people. A government servant, after retirement, gets financial benefit in two ways-pension and gratuity. The pension system in Bangladesh is mainly related to government services. Huge government employees and institutions involved in the Public Pension System.Pension must be for adoring after retirement on a monthly basis. However, an employee is usually paid 90 per cent of basic at the time of retirement. They receive 50% of their total pension at retirement. Another 50 per cent is enjoyed during the rest of life through multiplied by 230. After the death of a retiree, the spouse enjoys it. In addition to the pension, government employees get three festival bonuses and medical allowances. Previously, those who took all pensions at one go were eligible for medical allowance and festival allowance.Some officials and staffs have been receiving only 80% of their pension. Many government employees have been facing difficulty in receiving pensions after retirement because of some deficiencies in the rules and two circulars of the finance ministry. A good deal of paperwork is mandatory for providing pension. This creates corruption and delay in pension delivery. That why this paper examines the Government challenging initiatives to reduce it. This study has been developed through analyzing primary source as well as secondary source of data such as research articles, reports, daily newspapers etc.A "Universal Pension Authority" will be intendedrapidly for announcing pension for all employed citizens. The government is also planning to bring all pensioners under its pension payment process--Electronic Fund Transfer (EFT). Pensioners can draw money from the state-owned bank. The EFT system allows them to get money from any public or private bank. Recently the government has made known to a non-contributory pension scheme funded through the government budgetary allocation. This type of pension will secure a minimum income to all senior citizens.The government has taken an initiative to digitize the pension system beginning 2021 that is to be easier and exact. Under the digitized system, retirees will collect the money through electronic fund transfer (EFT) and authenticate their accounts through a mobile phone app every six months.Public pension policy makersshould learn the retirement policy of countries around the world and implement that in our country, that would be helpful to the pensioners of our country. Itwill be helpful to our country to build a strong economic structure.
Key words: Pension, Public servant, online system, Electronic Fund Transfer,Universal pension schemes etc.

I. INTRODUCTION:

Bangladesh is one of the greatest densely populated countries in the world, and the eighth-major by residents. The amount of people over 60 years of age has been projected to increase from about 9.8 million (6.5% of total population) to 18.1 million (10% of total population) by 2026 and 44.1 million people (20.2% of total population) by 2051 in Bangladesh (Mamun Rashid, 2019). The usual life expectancy of a Bangladeshi is now around 70 years, which will result in an increased dependency ratio and decreasing potential support ratio. Without acceptable savings or contributory pension schemes, most senior people will be deeply dependent on society. Pension is an allowance which is paid to a govt. servant or his/her family members on a monthly basis on retirement or in the event of death of a govt. servant. The government has occupied a creative option to digitize the pension system from 2021. Under the digitized system, retired people will collect the money through electronic fund transfer (EFT) and verify their accounts over a mobileapp every six months.

Pension System:

Pension is a form of provision of annuities for aged people. A government servant, after retirement, gets financial benefit in two ways—pension and gratuity. Pension benefit refers to providing income or an annuity which is received by the retired. Pension system in Bangladesh is mainly related to government services. Huge government employees and institutions involved in the Public Pension System. Pension is significant parts of civil service management. The private sector employment has small pension coverage. Additionally, the agricultural sector worker constitutes about 50% of the total employment and contributes about 40% share of the total GDP. In spite of the size, this sector also does not consume a pension system.

Background of pension system:

Pension system first emerged in France in the 19th century. By following France, the UK introduced it in 1834 and Germany in 1873. In Bangladesh, it was first introduced in 1924 only for the government employees under the British Colonial rule. The present public pension system of Bangladesh is the outcome of developments for about a century. Its development can be divided into three sections: the British period, Pakistan period and Bangladesh period (Mohosin,2004). At present, there is no formal pension system in Bangladesh at a national scale, except for only the employees in government service (civil and military). The number of government servants is around 1.4 million, which accounts for only 5% of the total employed population.

➢ **British Period:** 1871-1947: Pension Act 1871 is the first pension-related act in Bangladesh. It was promulgated by the British Indian Government. Pension had been determined on the basis of the average of a public employee's last 36 months' pays.

➢ **Pakistan Period:** 1947-1971: When Pakistan was born in 1947, she inherited the pension system of British India,

➢ **Bangladesh Period**: After the independence of 1971, the Bangladesh government modified the pension rules for the first time in 1972.Based on that, pension was provided by fixing pay on average of last 12 months' salaries instead of average pay of last 36 months'. Later on, the pension was paid on the basis of a certain percent of the last pay drawn. The percent rate was 21% for 10 years' qualifying service to the highest 60% for qualifying service of 25 years or above. In 1977, new pension rules were announced. According to these rules, the maximum pension amount was fixed at 80% of the basic pay drawn. Finally, in 1994, the government shortened the guidelines and principles that relate to the sanctioning of the pensions of government officials.

Theoretical and conceptual framework:

Framework for assessing various reform acts, rules or initiatives of the pension system.

Regulatory Framework

There are a number of rules governing the pension structure. These are:

➢ The pension Act 1871
➢ The Public Servants (Retirement) Act 1974
➢ The Public Servants (Retirement) Rules 1975
➢ General Provident Fund Rules 1979
➢ Pension ShahajikaranNitimala 2001
➢ Bangladesh Service Rules (part-1)
➢ Bangladesh Employees Benevolence board Act 2004 (Mian, Alimullah)

Category of Pension

According to the Bangladesh Service Rules different categories of pension, are allowed by the government for the officials of the public service. These is:

1) Compensation Pension(Rule-308-320, BSR Part-1)
2) Invalid Pension(Rule-321-334, BSR part-1)
3) Superannuation Pension(Public servant retirement Act, 1974 Article-4)
4) Retiring Pension(Public servant retirement Act. 1974 Article 9(1) & 9(2))
5) Family Pension
6) Wounds and Other Extraordinary Pension (BSR PART –1 RULE 403 TO 428)

Key Preconditions of Pensionable Service

As per BSR Rul-258 part-1, if the service does not cover the following 3 conditions that the service is not a pensionable service:

a. The service should be under the govt. Control (BSR-part-1 Rule-260)
b. Recruitment/post should have to be permanent (BSR-1, Rule-364-268.

c.   Pay and allowance should be given under the revenue budget.

Now a day, this system has been announced in Nationalized Banks, Insurances, corporations and autonomous organizations.Nationalized Bank including Bangladesh Bank, General Insurance, Corporation, BPATC, Universities (Public) etc.

Procedure for determining pension:

The total of pension is determined on the basis of the measurement of qualifying service concentrated and last pay drawn. Now, questions arise as to what we understand by qualifying service and last pay.

✓   **Last pay includes-**
1)   Basic pay;
2)   Special pay;
3)   Technical pay;
4)   Personal pay;
5)   Increment during P.R.L;

✓   **Qualifying service means:**

Total length of service- but the following periods will be deducted from the total length of service, if there is any-?

1) Boy service (service rendered before 18 years of age)
2) Leave without pay;
3) Period spent over joining time admissible as per rule;
4) Period of suspension, if not honorably acquitted;
5) Unauthorized absence;
6) Period of over-stay, if not extended as leave;
7) Un-adjusted period of leave not due;
8) Period of service after the age of superannuating;

Rate of Pension:

As per Memo. No. MF/FD/Rg-1/3-P-85/60 date 10.8.85 issued by the Ministry of Finance, the govt. servants on retirement from service are entitled to receive pension at the following rates (shown by a Bar Chart)
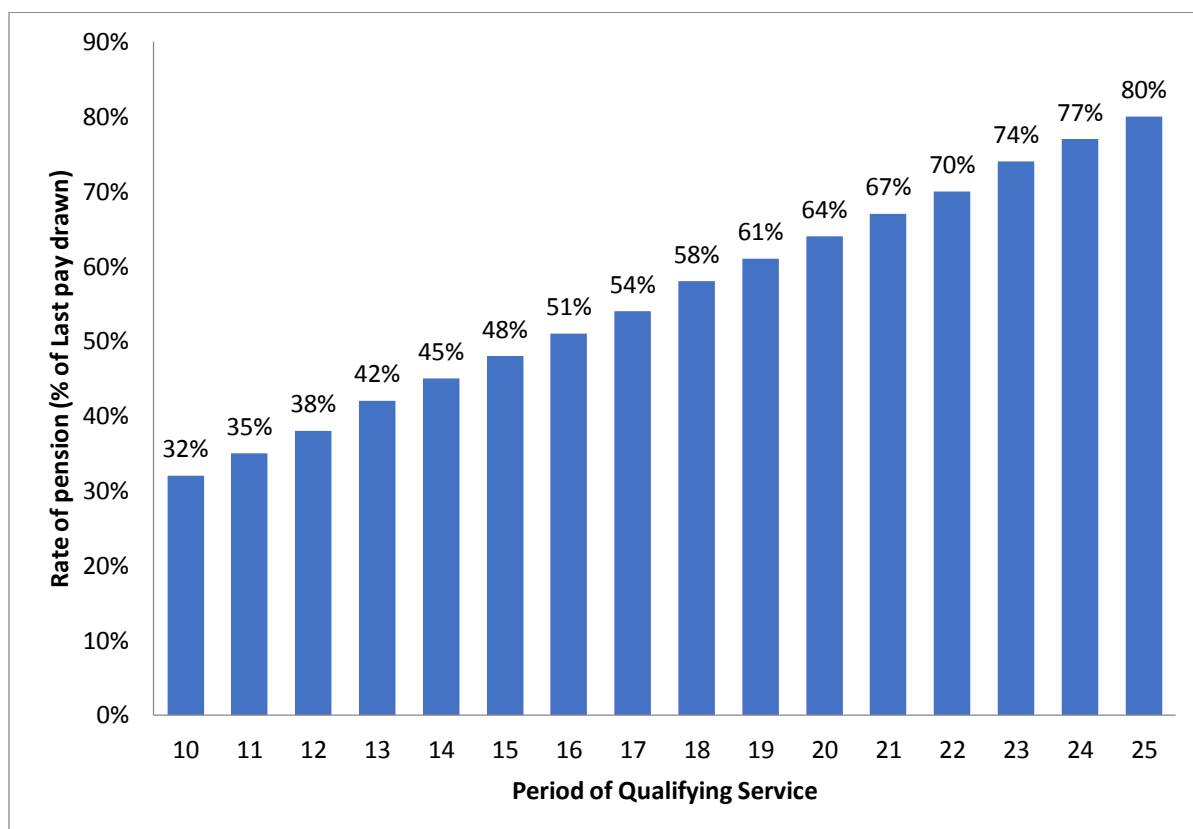
How to calculate pension and gratuity is shown below by an example-
Suppose Mr. Karim joined in the govt. service on 1.1.69. His P.R.L. started on 1.1.97 and ended on 31.12.97. He received basic pay, Tk.8000 for the month of December, 1996. His date of increment is 1st June every year, and the rate of increment is Tk.230 Now, his pension and gratuity need to be calculated.

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Solution
Qualifying service =31.12.-97 – 01.01.69= **29 years**
Last Pay=8000+230=**8230/=**
Rate of pension = 80%
Gross pension 80 X 8230 =**Tk.6584 (100)**
Net pension = 6584÷2= **3292/-**
Gratuity = 3292X230=**757160/-**
If the whole amount of pension is surrendered, in that case, the amount payable is
Tk: 7, 57,160+Tk.3, 29,200=10, 86,360/-

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Procedures for preparation and disposal of pension cases:
1.   Administrative Ministry/Division will prepare a list of the employees who will go on Post Retirement Leave (PRL), containing, designation, working place, date of birth and the date from which P.R.L. starts. Then it sends to the respective head of the office,
2.   After receiving the list, thehead of the office will collect application forms. Then the form is properly filled by the enlisted people and submited to the authority.
3.   Administrative authority will make service records/service book of the concerned employees up to date within 5 months. Then collect the no demand certificate which is prepared on the basis of the last 3- year records from the concerned authority.
4.   If there is any demand by the government, and an arrangement should be made to recover it. Then the authority will sanction pension and forward it to the audit office for issuing Pension Payment Order (P.P.O).According to this audit office, will issue P.P.O.

Public Employee Pension Plan in the United States
         In the United States, Public Sector Pensions are presented by the federal, state and local levels of government. They are available to most public sector employees but not all. Public employees in the U.S.A. can be divided into two groups-1) The Federal Government2) State and Local Government. All employees have received employer provided pension benefits. Pension benefits can be generally divided into two types-1) Defined Benefit and 2) Defined Contribution (Peng Jung 2009). In a defined plan, the employer guarantees a certain level of pension benefit to the employee based on his/her salary and years of service. In a defined contribution program, the employee set aside a certain percentage of his or her wage or salary in an individual account. In many states, public employee pension plans are known as Public Employee Retirement System (PERS).Each of the 50 states has at least one retirement system for its employees. Pension benefits have been divided into two main categories:
•   Benefits related to normal service and
•   Ancillary benefits.

1.   Normal Service Benefit:
The normal retirement benefit is the maximum share of all retirement benefits. When an employee reaches a normal retirement age, then he/she can receive this benefit. The following formula is used to calculate normal retirement benefit-(Peng Jung 2009, PP-30)

Final average salary × Years of credited service × Benefit multiplier
➢   **Final Average Salary (FAS):** It is the average salary over the last few years prior to a member's retirement.
➢   **Years of Credited Service:** It is the number of years the retiree has worked for one particular employer.
➢   **Benefit Multiplier (BM):** It is the most important part among these three factors. It is the final average salary the retiree can replace in her annual retirement benefit for each year of service.For example, if the multiplier is 2 percent and the retiree has worked for the same employer for 30 years, and then her annual retirement benefit will be 60 percent of her FAS.

Requirement for Normal Retirement Benefits
Three elements are required to determine the normal retirement benefits. This are-
1.   **Age:** The employee has to reach 60 years.

2. **Years of Service**: In this stage, an employee can retire at any age and receive normal retirement benefit for the years of services that he/she performed. It may be 20 to 35 years.

3. **Combination of age and years of service:** In this stage, employee can retire with normal benefit if his/her age and years of service add up to a certain number. For example, if an employees' age and years of service add up to 80, then they will be eligible for normal retirement benefits.

2. Ancillary Benefits

There are some other ancillary benefits. These benefits are offered by a defined contribution plan. These benefits are:

➢ **Disability Benefits:** When one must be permanently disabled and no longer able to work, then he/she claims disability benefits. The calculation of these benefits is similar to that of regular retirement benefits.

➢ **Death benefits**: It is also called survivor benefits. The benefits are received by the survivors of the deceased member of a pension plan.

➢ **Health benefits:** Almost all pension plans provide health benefits. But if an employee retires before the age of 65, they cannot get health benefits.

➢ **Withdrawal benefits**: An employee can withdraw all of her or her past contribution including interest from the pension plan when he/she retired from the service. (Peng Jung,2009,PP:45-47)

Regulatory body for Public pension Plan Administration

❖ **The Governing Board:** The Governing Board set up the overall policy for the operation of the pension system.

❖ **The Staff:**they implement the policies and manage the day-to-day administration of the pension system.

❖ **Legislative Committee:** This body has the final authority over the pension system.

Independent pension Commission

Pension is a very complex subject. So a high degree of expertise and knowledge is required to manage this complex task. For this reason, in U.S.A some states have created an independent pension commission (Texas, Ohio etc). An independent commission can easily collect information and manage pension tasks.(Peng Jung,2009).

Existingretirement fund system in Bangladesh:

Bangladesh peruses the traditional pay-as-you-go (PAYG) pension system for the public pension, which is an unfunded pension system where the government pays its earlier (retired) employees primarily from budgetary revenue. Existing employees contribute to pay current retirees in return for the possibility that the upcoming generation will donate to them. However, the funds are not used to collect assets to use in paying benefits. The burden depends on the tax-payer. Pension must be for enjoying after retirement on a monthly basis. The pension system introduced sometime in 1994 allowing withdrawal of all pension amount at a time does not go with the definition of pension. The system approved now is much more progressive and the government saves around Tk 8.0 billion a year if the retirees do not take the money at one go. Prime Minister Sheikh Hasina gave the seal of approval on the reviewed pension outline for the retired public servants in November 2016. Bangladesh pension system, which scarcely conducts actuary valuation for keeping funds to settle pension, now depends on assumptions for yearly allocation in the national budget. For such assumptions several times the government becomes into trouble while settling pensions, and it borrows from different sources to settle pension rights. There were many examples of a large number of retirements in a year and government predictions being upset, forcing the government to borrow from expensive sources for the payout. However, an employee is usually paid 90 per cent of basic at the time of retirement. They receive 50% of their total pension at retirement. And the remainder, another 50%, is enjoyed during the rest of lives through multiplied by 230. After the death of a retiree, the spouse enjoys it. If dependents remain minor, she or he will enjoy it until 25 years of their age. But if the first child becomes mentally retarded or so, he/she will be enjoying the perk lifelong. In addition to the pension, government employees get three festival bonuses and medical allowances. Previously, those who took all pension at one go were eligible for medical allowance and festival allowance.

Recognized social safeguard in old age in Bangladesh encompasses both contributory and non-contributory schemes. On the contributory side, civil servants and personnel of public corporations are qualified for a pension based on their working history. In reality, the civil service pension provides income security for only a small proportion of the population, with around 330,000 recipients of the old aged 60 and over. On the non-contributory side, the tax-financed Old Age Allowance (OAA) programme executed by the Ministry of Social Welfare is a social pension paid to poor older people with no requirement for previous contributions. The OAA constitutes one of the most considerable social safety schemes in terms of budget and coverage.

Analysis of Public Pension System in Bangladesh

In Bangladesh many institutions and actors are involved in the Public Pension Delivery System. It is operated on the basis of complex rules, regulations and procedures. The procedure does not mean processing the pension form only. Instead, it involves the processing of 8 to 13 kinds of supporting documents. The procedure can be divided into three stages, respectively:

☐   processing LPR,
☐   processing pension application and
☐   Processing pension payment order (PPO).

A set of documents is required to be processed at each stage to clear the pension form to the next stage. The experience of my interviewee's shows that in most cases they are subjected to monetary and procedural corruption for processing work at every stage of pension delivery. The percentage of bribes and days required for processing have been influenced by several factors such as the geo-administrative position of the processing institution, position of the retiring employee and social network between pensioners and pension delivery functionaries.

Many paper-works are required for providing pension. This creates corruption and delay in pension delivery. Though an individual pension has to be wanted through a single pension form, many supporting documents are required at each step of pension processing. These paper-works deal with information on different aspects of a public employee's professional life. On the other hand, the pension request bundle of a family pension may include up to 16-18 types of supporting documents. The precise quantity of documents depends on the retiring public employee living places. Again, some paper-work is required in order to secure each supporting document. For collecting these supporting documents, pension seekers have to route to different processing offices and deal with various functionaries (BSR). Here the transparency and accountability are low-slung. So the application files do not move automatically without continuous persuasion. They have to spend considerable time and energy that exhaust them both physically and psychologically. It is more difficult for the majority of the pension seekers who are in old age and/or have travelled a long way from home. Their expenditure is also increased in terms of travel, food and accommodation.

In this circumstance, they prefer to provide informal payment that removes delay and harassment. But this violates the rules. It is also a culture in our country (Joyton Roy, A.O, Personal Communication, 22/12/13). There are deficits of pension-related law, rules and regulations that induce corruption. For these pensioners, they suffer from poor record management in government institutions. The service book is a very important document. At the time of retirement employees face problems with an incomplete service book. For this there is a risk of loss in pension payments.

Problems of the Pension Delivered system in Bangladesh:

By interviewing the pensioners (SudebChandraw Debnath, Mojibur Rahman, Personal Communication on 20/12/19) various problems and challenges are identified. This are-

1.   Pensioners' faces many problems in getting their pension because of complex rules.
2.   The guidelines which are related to pension, gratuity, and group insurance are found to be conflicting. So ordinary pensioners cannot understand the various rules and regulations about the pension and retirement benefit.
3.   Pensioners face unnecessary delay in processing pension delivery.
4.   Pensioners face harassment during the collection of monthly pensions.
5.   The officials do not provide the necessary papers timely.
6.   One cannot retire early until he/she reaches the retirement age (59) or years of service (25).
7.   But if one retires early, he/she does not get all benefits as general pensioners get.
8.   The pensioners must give a bribe for finishing the task quickly.
9.   One problem arises over GPF seeking regarding family pension is the identity of the nominee.
10.   There is no Record Management System (Mainly Computer Database System).
11.   Family Pension seekers are more helpless due to poor record management than other group of pension seekers.
12.   There are deficits of pension-related law, rules and regulations that induce corruption.
13.   Thousands of government officers are facing trouble in receiving pension after retirement because of some deficiencies in the rules and two circulars of the finance ministry.
14.   The government wants to introduce a universal pension scheme in the country. A small cell at the Finance Division has been working on it. (Centre for Policy Dialogue, CPD). Someone claimed that it can't set the quantity of pension so high that everyone stays home without working and their contribution to the economy declines**.**

Comparative Analysis of Pension System in Bangladesh and U.S.A

First, it must be considered that Bangladesh is a developing country, and the USA is a developed country. There are huge differences in all sectors between these two countries. In the public sector pension system, there are some differences between these two countries.

➢ **Calculation of Pension**: It is very easy in the USA than in Bangladesh. In the USA only three elements are used (FAS, BM, Years of Service) but in Bangladesh various elements are used.

➢ **Early Retirement Benefit**: In the USA the employees get normal retirement benefit if they retire early but in Bangladesh the employees do not get this if they retire early.

➢ **Age of Retirement**: In U.S.A the retirement age is 60 and in Bangladesh it is 59.

➢ **Independent Pension Commission:** Some states of the USA have created an independent commission to deal pension tasks easily but in Bangladesh there is no independent pension commission.

➢ **Rules and Regulations:** Pension rules and regulations are very easy in the USA. So the corruption is very low in this sector. But in Bangladesh the rules and regulations are very complex. That's why the corruption is very high in this sector.

➢ **The service book** is a very important document to collect pension in Bangladesh than in the USA.

The government challenging initiatives for pension system:

⊹ **The plan for pension for all takes place in the 2019-20 budget:**

The budget for fiscal 2019-20 proposes that pension for all working citizens in both formal and informal areas will be confirmed gradually. A "Universal Pension Authority" will be designed soon for announcing pension for everybody including all employed citizens. The government also arrangement to bring all retired person under its pension payment process--Electronic Fund Transfer (EFT). At present, 27000 pensioners are beneficiaries of the EFT pension scheme. This EFT process will be enlarged to conceal all pensioners. These are healthy benefits, disability benefits, withdrawal benefits etc**.**

⊹ **Pension for deceased public servants' families after full payment**

The government has explained that wives and children with disabilities, if there is any, of retired government employees will get pension after their death even if the retirees draw the full money. The latest circular cleared the matter, entitling their partner and children with disabilities to the facilities cited in the previous circular. They will also get medical and festival allowances as per a circular issued. The government introduced the option for its employees to draw the full amount of their pension at a time in 1994. It changed the rules in 2017, making it compulsory to keep 50 percent of the pension money with the government. A public servant, who has drawn the full-pension money in line with the previous option, will get at least Tk 3,000 pension monthly for 15 years after their retirement now. The government also gives 5 percent yearly increment on the amount.

⊹ **Draw money from any state-owned bank:**

Pensioners can take money from the state-owned Sonali, Janata, Agrani and Rupali Bank. But the (Electronic Fund Transfer) EFT system will permit them to take money from any public or private bank. The government will disburse money to the account a pensioner mentions in the EFT form. But the branch the pensioner will go to in order to take money will have to have online banking facilities. Pensioners are now formulating their individual EFT forms. The government had also prearranged to disburse pensions through mobile financial services. But later it drew back from the plan seeing the substantial package charges.

⊹ **An updated system will ease pensioners' distresses**

The government will disburse money to the pensioners' accounts through EFT on the monthly salary day of the current employees. In the existing system, retired government staff have to turn up at regional CGA offices with the pension books. They are kept waiting for hours for the books, account numbers and amount of pension to be verified, and only then is the money forwarded to their respective banks. At the bank, the retired staff have to queue up again to collect the money. This process often takes a whole day. The retired person has to go through severe suffering even in their old age for the monthly payments. Now the digitized system will comfort their sufferings. At present, the husband or wife, under-aged children or otherwise-abled children get the pension after the death of a retired government employee. In the new system, the family will have to apply for a continuation of pension provided that the death certificate is given to the pensioner.

⊹ **Drive fully online pension system from 2021**

The mobile app-based system will comfort the sufferings of pensioners and help shake off false pensioners receiving financial facilities from the government. The government has taken a policy to digitize the pension system from 2021, that is to be easier and exact. Under the digitized system, pensioners will collect the money through electronic fund transfer (EFT) and verify their accounts through a mobile app each six months. The new system will exchange the existing manual pension arrangements in Dhaka from next month (September) and elsewhere in the country from next December. At present retired government staff draw their money by pension books and confirm their accounts through physical appearance at pension offices every ten months. The Ministry of Finance has taken an initiative for the development of a mobile app. Many pensioners who can

complete verification from their respective zila or upazila offices directly come to the pension office. The app will ease the sufferings. In the current system, if someone dies soon after verification that he or she is alive, his or her pension sharing continues for the next ten months. Once the bank account becomes dormant, then the money goes to a specific account of the central bank and this process takes a few years. The confirmation of a pensioner being alive over the mobile phone each 6 months will save the government a large amount of money in such cases.

♣ Pension system in clothing sector:

A large number of manufacturing units cannot pay monthly salary on time, and it remains to be seen how they can provide pension or provident fund facilities. In reply, holders of the clothing sector said that the contentions over irregular pay may be true for some non-compliant industrial units. The owners claimed that they had planned to set up a provident fund related to it, but workers are not concerned with it. All compliant companies pay wages and other service benefits timely. If they fail to comply, their buyers will not place orders. The turnover rate in the clothing sector is high, for which employees are not concerned in the post-retirement plan. They had moved to form a provident fund, but the workers rejected it. The need for raising awareness about post-retirement benefits among the workers.

Bangladesh is nowadays a middle-income country, but a quarter of its residents remains below the poverty level. Economists who were present at the function said that the questions related to the affordability of such a category of pension should be addressed first. Some insurance executives said that the universal pension system cannot be introduced under the existing pension products they run. A universal pension law will need to be enacted, which will create the scope for forming a universal pension fund authority in Bangladesh. Recently the government may announce a non-contributory pension scheme supported through the government budgetary provision. Such a kind of pension will guarantee a minimum income safekeeping to all the oldest citizens. A total of 186 countries around the world, including the Maldives, have adopted this type of pension system. It also stressed the need for legal and policy reforms to go ahead with the plan. (Jasim Haroon, 2019)

Bangladeshopportunities for Universal pension schemes

Currently almost 8.50 per cent of the world population is over the age of 65 years. This figure is projected to increase to about 17.0 per cent by 2050. Older people are less likely to work, and traditional sources of support from children and other family members are declining. This means the asset base of the older population is not adequate to finance their needs and poverty incidence among the older population is high. According to available statistics, more than half of Organisation for Economic Co-operation and Development (OECD) countries have old-age poverty rates of more than 10.0 per cent. Public pension systemhasdeveloped primarily to alleviate poverty among the older population.

Chart 1. Schematic presentation of a pension system

Source: Klien (2017)
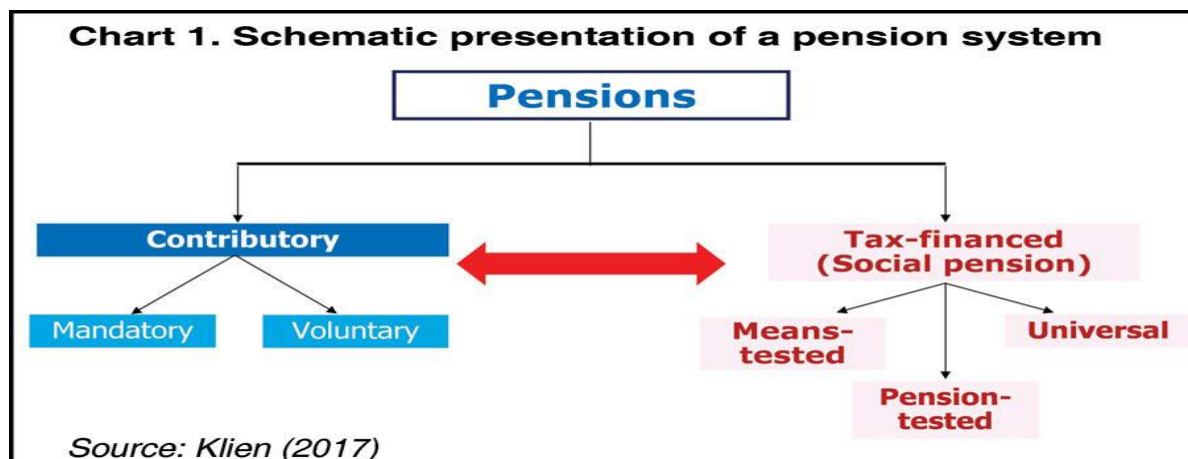
In a relativelylimited country, pensions have become a significantoption of remuneration for older people. There are two categories of public pension systems. A contributory pension system comprises two streams: mandatory contributions (e.g. public sector employees are mandated to pay a certain percentage of their income into the system) and voluntary contributions. The other scheme is a tax-financed (non-contributory) pension, also stated to as a 'social pension'. This is a regular cash transfer to older people with two main functions - providing a minimum income to assist with poverty reduction and improving the spreading of resources. Eligibility criteria for such schemes include age, citizenship, residency, etc. They have three dominant forms in terms of the selection of beneficiaries or coverage: universal, means-tested (e.g. poverty

threshold) and pension-tested (i.e. pension threshold).Poverty among the older population is severely high in Bangladesh. The elderly poverty rate increases by about 0.6 percentage points if those aged 65 years and above are considered. The incidence of extreme poverty was lower, at around 12.0 per cent, among the old-age population in 2016.

Bangladesh requirements:

Bangladesh needs a national pension system that wounds across sectors. The growing life expectancy, attached with the gradual evaporation of the long family system, makes it imperious for Bangladesh to plan a healthy pension system to avoid impoverishment in old-age and extra social distress. When the mainstream of the Bangladesh population is still young, timely and smart policy involvements can help prevent a looming pension crisis. Some goals should be achieved in the present situation.

✓ The pension system should inspireappropriate pension contributions during employees' earning lifespan to finance a realistic standard of living after their retirement.

✓ Anelegant pension system should afford a realistic retirement income to the beneficiaries while being financially sustainable.

✓ It also supports investments in infrastructure for the government by accruing long-term savings.

✓ Our government should accept each employee under suitable pension schemes as soon as possible to increase social security and confirm comprehensive advance and development for all.

✓ The Bangladesh government requiresto sign up a contributory and fully-funded pension system, in view of the initial demographic transition and the growing burden of pension liabilities.

✓ It should be then introduced to the informal sector progressively to bring all the old aged population under the system so that they do not have to burden about social security, and they can live with self-confidence and self-esteem.

✓ Bangladesh should enlarge the contributory pension system for private sector employees and self-employed people.

✓ There is a need to change the current poverty-targeted social pension to a universal minimum pension, with the exception that individuals covered by contributory pension schemes are excluded. This is desirable to use a means-tested scheme as it saves on costs and is easier to implement. Such systems are in operation in Kyrgyzstan, Moldova, Thailand and Vietnam (for government pensions).

Challenges and Recommendations:

A universal pension system covering both private and public sectors to decrease risk related to future financing can be a desired way forward. In the procedure, the government will generate a huge pension fund which can be invested in long-term financial instruments to support infrastructural projects and a broader social protection approach. The major economies of the world are aiming for a level of pension capability, which guarantees that senior citizens meet a basic standard of living. If we look at the World Bank, the World Bank, the World Bank recommended a multi-pillar system for the provision of old age income security comprising:

Pillar 0: A basic pension from public finances that may be universal or means-tested

Pillar 1: A mandated public pension plan that is publicly managed with contributions and, in some cases, financial reserves

Pillar 2: Mandated and fully-funded occupational or personal pension plans with financial assets

Pillar 3: Voluntary and fully-funded occupational or personal pension plans with financial assets

Pillar 4: This is a non-financial pillar that includes the broader context of social policy such as family support, access to health care, and housing etc.

The key challenge in Bangladesh is to discourse the desires for the first pillar in the short run to make a universal security net for elder citizens by emerging a national pension system and to combine the rest of the pillars gradually.Considering the consequences of the growing number of elderly populations on socio-economic development, the government should change a national pension system that will cover the entire formal segment of the country. Some recommendations are given below:

❖ Paper-work and processing stages should be decreased,

❖   Easing of procedures
❖   Transparency and Accountability must be ensured,
❖   Reforms and proper implementation of Laws, Rules and Regulations,
❖   The Standard Record Management System should be established,
❖   Salary and benefits should be reformed,
❖   Arrange Training of Pension Seekers and also increase their awareness.
❖   Create an Independent Pension Commission like U.S.A

II. CONCLUDING REMARKS

A citizen enters service at a young age for serving the people and for the welfare of the country. She then spends the most valuable time of her/his life in the service and, ultimately, at the age of 59 years retires from service because of old age. A government servant after retirement cannot regulate other professions of the society. His/her working capability becomes reduced. For this reason, the government has introduced pension for the retired government officials and their dependents. In the USA every year the government invests a good amount of money of pensioners in various ventures, including the share market. So they are in one way contributing to the national economy. If we can learn the retirement policy of countries around the world and implement that in our country, it would be helpful to the people of our country. It will also be helpful to our country to build a strong economic structure.

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