



Financial Services Regulatory
Authority of Ontario



Autorité ontarienne de réglementation
des services financiers

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VIA E-MAIL

June 16, 2023

Attn: Anthony M. D'Iorio adiorio@craneco.com
Senior Vice-President, General Counsel & Secretary
Crane Canada Co.
100 First Stamford Place
Stamford, CT 06902 USA

Attn: Deron Waldock dwaldock@mccarthy.ca
McCarthy Tetrault LLP
TD Bank Tower
Suite 5300, 66 Wellington St. W.
Toronto, ON M5K 1E6

**Re: Pension Plan for Non-Bargaining Salaried Employees of Crane Canada Co.
Registration Number 0239061**

Enclosed, please find the Notice of Intended Decision (NOID) with respect to the above noted registered Pension Plan.

Yours truly,

Mitzi D'Souza
Administrative Assistant, Pensions

Enclosure

c: Randy Bauslaugh, Bauslaugh Pension & Benefits Law
c: Preethi Anthonypillai, Financial Services Regulatory Authority of Ontario

IN THE MATTER OF the *Pension Benefits Act*, R.S.O. 1990, c. P.8 (the “Act”), subsections 78(1) and 79(3), and other applicable pension standard legislations.

AND IN THE MATTER OF Pension Plan for Non-Bargaining Salaried Employees of Crane Canada Co., Registration Number 0239061 (the “Plan”).

NOTICE OF INTENDED DECISION

TO: Crane Canada Co.
100 First Stamford Place
Stamford, CT 06902
USA

Attention: Anthony M. D’lorio
Senior Vice President, General Counsel & Secretary

Employer & Applicant

AND TO McCarthy Tetrault LLP
Suite 5300
TD Bank Tower
Box 48, 66 Wellington Street West
Toronto, ON M5K 1E6

Attention: Deron Waldock

Legal Counsel for the Applicant

AND TO Any individuals who have objected to the proposed surplus application

TAKE NOTICE THAT pursuant to subsection 78(1) of the Act, and by delegated authority from the Chief Executive Officer of the Financial Services Regulatory Authority of Ontario (the “Chief Executive Officer”), the Director, Pension Operations, Special Transactions, intends to make an order to consent to the payment of a portion of the Plan’s surplus allocable to Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario and Quebec, to Crane Canada Co., in the amount of \$58,564,279 as at December 31, 2022, plus investment earnings thereon to the date of payment, adjusted for expenses. Details of this intended decision are described below.

SI VOUS DÉSIREZ RECEVOIR CET AVIS EN FRANÇAIS, veuillez nous envoyer votre demande par courriel immédiatement à: contactcentre@fsrao.ca.

YOU ARE ENTITLED TO A HEARING BY THE FINANCIAL SERVICES TRIBUNAL (THE “TRIBUNAL”) PURSUANT TO SUBSECTION 89(6) OF THE ACT. A hearing by the Tribunal about this Notice of Intended Decision may be requested by completing the enclosed Request for Hearing Form (Form 1) and delivering it to the Tribunal within thirty (30) days after this Notice of Intended Decision is served on you. The Request for Hearing Form (Form 1) must be mailed, delivered, faxed or emailed to:

Address: Financial Services Tribunal
5160 Yonge Street
14th Floor, Box 85
Toronto ON M2N 6L9
Attention: Registrar

Fax: 416-226-7750

Email: contact@fstontario.ca

TAKE NOTICE THAT if you do not deliver a written request for a hearing to the Tribunal within thirty (30) days after this Notice of Intended Decision is served on you, an order will be issued as described in this Notice of Intended Decision.

For additional copies of the Request for Hearing Form (Form 1), visit the Tribunal's website at www.fstontario.ca.

The hearing before the Tribunal will proceed in accordance with the *Rules of Practice and Procedure for Proceedings before the Financial Services Tribunal* (“Rules”) made under the authority of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22. The Rules are available at the website of the Tribunal: www.fstontario.ca. Alternatively, a copy can be obtained by telephoning the Registrar of the Tribunal at (416) 590-7294 or toll free at 1-800-668-0128 extension 7294.

REASONS FOR INTENDED DECISION

1. Crane Canada Co. is the employer and administrator of the Plan (the “Employer”).
2. The Plan is a single employer, multijurisdictional, pension plan that holds both defined benefit (DB) and defined contribution (DC) pension benefits. It is registered under the Ontario Pension Benefits Act since the plurality of Plan members are located in the Province of Ontario.
3. The Plan was established on October 1, 1966, as a defined benefit (“DB”) pension plan that was amended to add a Defined Contribution (DC) component in July 1993. There were no further DB pension accruals after July 1, 1993.
4. The Plan was fully wound up effective December 31, 2021.

5. There are persons entitled to a share of surplus in accordance with the Surplus Sharing Agreement (SSA) whose benefits or entitlements are subject to pension standards legislation in each Province with pension standard legislation.
6. As indicated in the Employer's application (the "Application") for payment of surplus, the total surplus in the Plan was estimated to be \$72,124,000 as at December 31, 2022.
7. The Application discloses that a SSA has been entered into between the Employer and certain members and other persons entitled to payment of benefits under the Plan.
8. The Employer has indicated that in order to comply with surplus sharing rules in the various provinces in which the Plan participants reported to work, the SSA recognized the following categories of Affected Persons:
 - i) "Members: a person employed and accruing a pension benefit in respect of service at anytime in the Period September 24, 2021, to December 31, 2021; and
 - ii) Others: a person who, in the period September 24, 2021, to December 31, 2021, is not a member, but is entitled to a payment under the Plan, including:
 - Terminated employees and pensioners who are former members.
 - Spouses and beneficiaries of deceased former employees or pensioners who are receiving pension payments; former members last employed in the Province of Quebec in the three-year period prior to September 24, 2021, or any surviving beneficiary of such a person; and
 - The estate of DB retirees who died between September 1, 2021, and December 31, 2021 (i.e., the pension stopped on death, but the state remains entitled to a surplus share as the pension was in pay on September 1, 2021)."
9. Based on the shares listed below, the SSA estimates the surplus in the Plan at the date of payment, after adjustments for investment earnings and expenses, is to be distributed:
 - (a) Approximately 20% to the Affected Persons or Consenting members as defined in the SSA; and
 - (b) Approximately 80% to the Employer.
10. In accordance with the SSA, the individual share and the Employer's shares of the surplus are defined as follows:

Individual Share

- a) "Each DB Member shall receive an individual share of Available Surplus that is equal to the commuted value of the pension benefit or survivor benefit payable to the DB Member on September 1, 2021.
- b) Each DC Member shall receive an individual share of Available Surplus that is equal to \$1,500 for each year of Recognized Service.
- c) Any other has no Recognized Service, is not entitled to a benefit under subsections (a) or (b) and who is entitled to receive payment from the Plan shall receive an individual share of Available Surplus that is equal to \$1,500.
- d) In no case will interest or rate of return increases or decreases accrue or be applied to individual shares of Available Surplus from the date hereof to the date of actual payment."

Employer Share

The remaining available surplus after provision for payments of the Consenting Member shares.

- 11. Consents to the SSA were received from 96% and 74% of the active and inactive members respectively, for the plan as a whole.
- 12. The Application and subsequent documents filed by the Employer indicate that the Employer intends to share the surplus with the Affected Persons in the provinces listed on page one of this document and Newfoundland and Labrador (NL). In particular; Alberta, British Columbia, Manitoba, New Brunswick, NL, Nova Scotia, Ontario, and Quebec.
- 13. The Employer has requested that the Chief Executive Officer defer his consideration of the Employer's request for payment of surplus allocable to the province of Saskatchewan.
- 14. We note that the rules governing the payment of surplus to the Employer in NL, New Brunswick, and Quebec are different than that of the other jurisdictions. Each pension regulator in those provinces has considered the application concerning members in their respective province. Neither NL nor Quebec have objected to the payment of surplus in accordance with the SSA. New Brunswick also did not object to the payment of surplus as per the SSA, provided that there are no objections to the SSA from any New Brunswick Affected Persons.
- 15. The Employer has applied for payment of surplus in the amount of \$58,564,279, representing the sum of the employer's portion of surplus in each province indicated below. The amount payable is determined by first allocating assets to each province in accordance with the methodology stipulated in the 2020 Agreement Respecting Multijurisdictional Pension Plans (MJPP), then subtracting out the cost of settling benefits in each province, followed by allocating surplus

amounts for Affected Persons. The result yields the following amounts payable to the employer:

Alberta	\$5,510,796
British Columbia	\$3,828,211
Manitoba	\$2,602,303
Nova Scotia	\$771,936
Ontario	\$20,417,158
Quebec	\$22,637,697
New Brunswick	\$2,796,178

16. The Chief Executive Officer understands that the Employer has committed to pay \$309,000 from its share of surplus to Affected Persons in the province of NL. The Employer has indicated that the Superintendent of Pensions for NL has agreed there is no surplus allocable to individuals covered under NL Pension Benefits Act and does not object to the payment of surplus to the Employer or to the allocation of surplus to individuals covered under the NL Pension Benefits Act.
17. The Employer has applied pursuant to sections 77.11(1), 78 and 79(3) of the Act, and other relevant sections of the pension standards legislations of the applicable provinces for consent to the payment of \$58,564,279, plus investment earnings to the date of payment, adjusted for expenses, to be distributed to the Employer from the Plan.
18. The Application appears to comply with paragraph 77.11(7)(2), section 78, subsection 79(3) and all other applicable requirements under the Act and Regulation 909, R.R.O. 1990, as amended, and the pension regulators in the applicable jurisdictions have not raised any objections with regard to compliance with the relevant sections of the respective pension standards legislation related to surplus in their jurisdictions.

19. Such further and other reasons as may come to my attention.

DATED at Toronto, Ontario, June 16, 2023.

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke extending to the right.

Tim Thomson
Director, Pension Operations, Special Transactions
By delegated authority from the Chief Executive Officer

Copy: Randy Bauslaugh, Pensions & Benefits Law