

The Washington Letter is a regular update and commentary on national politics and policy affecting the AEGON companies.

February, 2010

The snow started falling at about 11am on Friday morning in Washington, DC. Not an uncommon sight for the mid-Atlantic in February. What was uncommon was that it did not stop. With the first storm not ending until Saturday evening, it left the Baltimore-Washington corridor and other surrounding areas paralyzed in 24-36 inches of snow depending on your location. Starting Tuesday afternoon and not ending until late Wednesday evening we were hit with another 20+ inches. Now I know this might not seem like much to folks out in Cedar Rapids or St. Paul, but we generally don't get accumulation of more than a few inches at any given time. As I'm sure you have heard on the news, what President Obama was calling, "Snowmageddon" shut down the Federal Government for nearly an entire week. (The Senate was in session for several hours on both Tuesday and Thursday, while the House was in session for approximately 20 minutes on Tuesday.) So what do Washingtonians do when they have a snow day?!? **SNOWBALL FIGHT!** Over 2,000 Washingtonians showed up in DuPont Circle on Saturday afternoon for the largest snowball fight in the Capitol's History.



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As Doug Pinkham, President of the Public Affairs Council, stated in his [blog](#) "A two-foot blanket of snow fell over Washington last weekend, silencing for a moment the shouting and bickering that have come to represent American politics... This is good for the Capitol..."

So what is all the shouting about?

The President's approval ratings for his first year in office came out at about 50%. Obama's approval ratings, the state of the economy and unemployment rates are putting him in an incredibly similar situation that President Ronald Reagan found himself in after his first year in office. Both dealing with a stagnant economy and grim midterm outlook – Reagan's party went on to experience substantial losses in the 1982 midterms – The question is "Will Obama and the democrats follow in the footsteps of their predecessors or will they be able to take the lessons learned and change their future?"

A key factor – then and now – influencing the political environment is the economy, and there are several notable events ahead that will help determine our nation's economic well-being.

- The deficit – The Senate just voted to increase debt by \$1.9 trillion dollars which should be enough to accommodate borrowing for the rest of this year, therefore avoiding yet another vote on the debt limit before the November elections. The American people's perspective on deficits is a key factor in the Obama approval rating.

- On March 31st, the Federal Reserve is scheduled to end its program to purchase mortgage-backed securities; a move that some experts feel will cause a spike in interest rates. Whether this impacts the recovery effort will be key.
- Unemployment data and economic growth reports will be scrutinized each month, particularly in June and July when second quarter data will become available. Historically, mid-year economic indicators are critical in influencing the opinions of voters, and those opinions will undoubtedly affect the actions of legislators and their agenda as the year progresses.

Other issues that are ripe for meaningful consideration in the first half of 2010 are Tax related issues and Financial Services Regulatory Reform. Attention has been focused on a financial services responsibility fee contained in the Administration's 2011 Budget released earlier this month. Widely reported as a tax on the largest and most highly leveraged financial services firms in order to recoup the support provided by US taxpayers to the financial sector during the economic crisis, the reach is likely much broader. Pending further details on the tax and congressional action, it is premature to determine any application of the tax to AEGON USA.

Financial services regulatory reform has had a number of fits and starts this year. One week after negotiations between Senate Banking Committee Chairman Christopher Dodd (D-CT) and Ranking Member Richard Shelby (R-AL) were reported to reach an "impasse", this week Dodd and Senator Bob Corker (R-TN) announced that they are working together in an attempt to craft a bipartisan deal. The Senate Banking Committee may consider the reform bill as soon as in the next couple of weeks.

The timing of these bills depends on bipartisan negotiations as much as on whether progress is being made on a healthcare reform compromise and Senate consideration of a jobs bill that may preempt consideration of other legislation to take center stage in the Senate. We will be keeping a close eye on these and other issues.



And last but not least in this season of love a little love from your Government Relations Team. [InsureYour Love](#) - A campaign created by LIFE (Life and Health Insurance Foundation for Education) to encourage Americans to consider a different way of expressing their love this Valentine's Day.

Helping to Ensure Your Ability to Insure Your Love,
AEGON USA Government Relations Team