NEWS RELEASE
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Financial Industry Calls for Middle Class Tax Reform Now

$1,340 in Mutual Fund Returns at Stake

Washington, DC; March 4, 2026—Today the Investment Company Institute (ICI) led a group of the nation's leading financial and business trade groups and consumer advocates in calling on Congressional leadership to pass the bipartisan Generating Retirement Ownership Through Long-Term Holding (GROWTH) Act. The GROWTH Act would allow investors to defer taxation of automatically reinvested capital gains distributions until they sell their fund shares. Investors could see up to $1,340 more in returns over a ten-year period on a $10,000 equity mutual fund investment under this framework.

"Tax fairness for 40 million Americans depends on Congress passing the GROWTH Act. This is a common sense fix to the tax code that will help the middle class at a time when Americans are still facing high costs. Congress should encourage these families to keep saving and investing towards their goals. Passage of the GROWTH Act is an integral piece of their secure financial future," said **Tom Quaadman**, ICI Chief Government Affairs and Public Policy Officer.

ICI was joined in this advocacy by the U.S. Chamber of Commerce, American Council for Capital Formation, American Securities Association, Americans for Tax Reform, Financial Services Institute, Investment Advisor Association, and SIFMA & SIFMA-AMG.

As the coalition wrote in the letter, "under current law, savers face a harmful double-effect…First, they are hit with an annual tax bill they didn't expect; and second, that tax payment reduces the compounding of their returns over the long run, undercutting the primary benefit of investing."

Background:

- Around 40 million Americans hold $7 trillion of long-term mutual fund assets in taxable brokerage accounts.
- These households are middle class, with a median income of $140,000.
- An investor who made an initial $10,000 investment in an actively managed US equity mutual fund in 2015 and sold the shares in 2024 would have had up to $1,340 more in returns after paying all taxes if the GROWTH Act's tax deferral had been in effect.
- The GROWTH Act does not exempt capital gains from taxation—it simply delays the taxation until the investor sells the shares. Under the above scenario, that investor would also pay an additional $140 in capital gains taxes.

- This makes the taxation of mutual funds consistent with the taxation of other assets, where most capital gains taxes are not levied until an investor sells and actually realizes the gains.

Read the letter here.
