February 10, 2026

The Honorable John Thune
Majority Leader
U.S. Senate
511 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Charles Schumer
Minority Leader
U.S. Senate
322 Hart Senate Office Building
Washington, DC 20510

The Honorable Mike Johnson
Speaker
U.S. House of Representatives
568 Cannon House Office Building
Washington, DC 20515

The Honorable Hakeem Jeffries
Minority Leader
U.S. House of Representatives
2433 Rayburn House Office Building
Washington, DC 20515

Re: Generating Retirement Ownership Through Long-Term Holding (GROWTH) Act of 2025

Dear Senators and Representatives:

The Investment Company Institute[1] urges your support and passage of the Generating Retirement Ownership Through Long-Term Holding (GROWTH) Act of 2025. The GROWTH Act would allow millions of middle-class Americans to retain their hard-earned investment savings by allowing them to automatically reinvest capital gains distributions in mutual funds and other registered funds such that they *pay taxes when they sell their funds* and actually realize their investment gains. Under the current tax system, investors face tax bills when they are still investing and haven't yet touched their mutual funds.

[1] The Investment Company Institute (ICI) is the leading association representing the asset management industry in service of individual investors. ICI's members include mutual funds, exchange-traded funds (ETFs), closed-end funds, and unit investment trusts (UITs) in the United States, and UCITS and similar funds offered to investors in other jurisdictions. Its members manage $43.8 trillion invested in funds registered under the US Investment Company Act of 1940, serving more than 125 million investors. Members manage an additional $10.4 trillion in regulated fund assets managed outside the United States. ICI also represents its members in their capacity as investment advisers to collective investment trusts (CITs) and retail separately managed accounts (SMAs). ICI Associate Members include service providers to member firms and CIT trust companies. ICI has offices in Washington DC, Brussels, and London.

The bill, introduced by Representatives Beth Van Duyne and Terri Sewell (H.R. 2089) and Senator John Cornyn (S. 1839), would allow Main Street investors to keep their own money, incentivize them to keep investing, and make the tax system fairer to around 40 million middle-class Americans who rely on these investments in mutual funds to save for a house, pay for their kids' education, and ensure they have enough money in their senior years.

Over half of all American households own funds. When everyday Americans look to invest money outside of a tax-preferred account, many of them turn to the same mutual fund products they already own inside their retirement accounts. However, these investors often do not know that they will be taxed annually on the distribution of gains, despite not having sold their shares and whether or not the fund value has gone up or down that year. These yearly tax bills hurt Americans because they haven't yet realized any gains from their investments and must scramble to find alternative sources of money to cover the tax bill. In addition, these annual taxes can reduce the compounding of investors' returns over the long term, undercutting one of the main benefits of long-term investing. It makes no sense that the tax code would punish American families for saving for the long-term.

An estimated 23 million households, representing roughly 40 million Americans, hold about $7 trillion of long-term mutual fund assets in nonretirement accounts.[2] These households have a median income of $140,000. An investor who made an initial $10,000 investment in a U.S. stock fund in 2015 and sold the shares in 2024 would have had up to $1,340 more in return after paying all taxes if the GROWTH Act had been in effect. Under this scenario, with the passage of the GROWTH Act an investor would also pay an additional $140 in capital gains taxes. The GROWTH Act does not exempt capital gains from taxation, it simply delays the taxation until the investor sells the shares. Nonetheless, delaying when the tax is paid helps out individual investors.

Furthermore, the GROWTH Act makes the taxation of mutual funds consistent with the taxation of other assets. Most capital gains taxes are not levied until an investor sells and actually realizes the gains.

At a time when American middle-class families are facing higher costs and working harder than ever to live the American Dream, the GROWTH Act is a tax change that rewards sound personal financial management, enables the federal government to raise more revenue, and supports economic growth by increasing the amount of money in the capital markets.

We strongly urge both chambers of Congress to pass the GROWTH Act and improve long-term financial security for millions of Americans.

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[2] 2025 Investment Company Fact Book. "Characteristics of US Mutual Fund Owners" https://icifactbook.org/pdf/2025-factbook-ch7.pdf.

Thank you for your consideration.

Sincerely,

Eric J. Pan
President & CEO

Tom Quaadman
Chief of Government Affairs and Public Policy

cc: Members of Congress