



# The GROWTH Act

## Empower Americans to Invest in Their Future

### Summary

The Generating Retirement Ownership Through Long-Term Holding Act of 2025 (GROWTH Act) would help millions of retail investors protect their hard-earned savings by allowing them to automatically reinvest capital gain distributions in mutual funds and other registered funds without facing an unexpected tax bill. Introduced by Representatives Beth Van Duyne (R-TX) and Terri Sewell (D-AL) in the U.S. House of Representatives and by John Cornyn (R-TX) in the U.S. Senate, this legislation ([H.R. 2089](#), [S. 1839](#)) would put money back in the pockets of Main Street investors.

### Background

**Over half of American households own funds**, representing more than 125 million individual investors. A significant portion of these fund owners are middle-class Americans who rely on funds to save for retirement, grow their personal savings, and build generational wealth. Unfortunately, the tax code doesn't treat these investments equally.

Mutual fund shareholders outside of tax-preferred accounts are taxed annually on distributions of gains, interest, and dividends, despite not having sold their shares. This puts mutual fund shareholders at a disadvantage to other investors—whose capital gains taxes are not due until the investor realizes those gains.

ICI research estimates that 23 million households, roughly 40 million Americans, hold about \$7 trillion of long-term mutual fund assets in nonretirement accounts, highlighting the significant impact this legislation could have in helping Americans.

### Level the Playing Field for Mutual Fund Shareholders

Under current law, investors in mutual funds and other registered funds held outside of retirement accounts are being taxed on money they never really saw, and that tax burden denies them up to 13.4% in returns on an investment over a 10-year period, depending on the type of mutual fund, according to ICI research.

This bill would allow mutual fund investors to defer their capital gains taxes until they exit the fund or sell their investment. With this change, American investors who decide to reinvest capital gain distributions would enjoy compound returns without the added tax burden, incentivizing them to save and invest for long-term goals without having to worry about unexpected tax bills.

### The Bottom Line

We strongly urge both chambers of Congress to pass the GROWTH Act and help millions of fund investors maximize their long-term financial security.



**“The GROWTH Act will help millions of American mutual fund investors build a more secure financial future by giving them the ability to save for the long term without facing an annual tax bill.”**

— ICI President and CEO Eric J. Pan