



March 4, 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 undersigned organizations write to express our support for the Generating Retirement Ownership through Long-Term Holding (GROWTH) Act of 2025. The GROWTH Act, introduced by Senator John Cornyn (R-TX) (S. 1839) and Representatives Beth Van Duyne (R-TX) and Terri Sewell (D-AL) (H.R. 2089), would allow mutual fund investors to automatically reinvest capital gains distributions without paying taxes until they actually sell their funds, in line with other investment options. Under current law, investors pay taxes on mutual fund distributions every year even if their individual holdings remain invested. Enacting the GROWTH Act would benefit millions of middle-class Americans, create parity in the tax system, and incentivize further investment.

An estimated 23 million households, representing roughly 40 million Americans, hold about \$7 trillion of long-term mutual fund assets in nonretirement accounts. These households are largely middle-class investors, with a median income of \$140,000. Many of these households, when they're able to find some extra money to invest, turn to the same mutual fund products they already own inside their retirement accounts. However, these savers often do not know they will be taxed annually on the distribution of gains, despite not having sold their shares, leaving them with a surprise tax bill at the end of the year. American households thus face a harmful effect twice over: first with an annual tax bill, and then by reducing the compounding of their returns over the long run, which undercuts one of the main benefits of investing.

The GROWTH Act does not exempt capital gains distributions from taxation; it simply recognizes the tax when investors sell their mutual fund shares. This change would benefit investors and simplify the tax code by giving mutual funds and exchange-traded funds the same tax treatment.

At a time when middle-class Americans are facing higher costs and working harder than ever, the GROWTH Act is a common-sense change that helps people saving for their goals.

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

Thank you for your consideration.

Sincerely,

Investment Company Institute

American Council for Capital Formation

American Securities Association

Americans for Tax Reform

Financial Services Institute

Investment Advisor Association

SIFMA

SIFMA-AMG

U.S. Chamber of Commerce