



Here's how to stop SIPs

Systematic Investment Plans (SIPs) have gained popularity as a preferred investment method for mutual funds. They offer benefits like compounding, disciplined savings, and affordability. SIPs provide a systematic and hassle-free means of wealth creation over time, and consistency and long-term investing are essential pillars of this process. However, there may come a time when you would want to consider stopping your SIPs. This guide can help you understand how to stop SIPs so you can follow the proper steps to conclude your investment journey.

What do you mean by stopping an SIP, and why do you need to do so?

It is essential to understand that stopping an SIP differs from an STP (Systematic Transfer Plan) and an SWP (Systematic Withdrawal Plan). An STP allows you to systematically transfer funds from one mutual fund scheme to another, while an SWP enables you to withdraw money from a mutual fund at regular intervals.

Stopping an SIP essentially means to stop investing in a mutual fund scheme. You may stop an SIP temporarily or permanently. There are a number of reasons for stopping your SIP, as explained below:

- **Financial emergency:** Unexpected financial crises, such as medical emergencies or job loss, may force you to dip into your mutual funds. At such a time, stopping your SIPs may become necessary to address immediate liquidity needs.
- **Changes in the fund's portfolio or fund manager:** Significant alterations in the mutual fund's portfolio strategy or a change in the fund manager may impact your confidence in the scheme. In such cases, stopping your SIP may be a prudent choice to align with your risk tolerance and investment objectives.
- **Increase in expense ratios:** A surge in the expense ratio of the mutual fund scheme can erode your returns over time. If expense ratios increase substantially and do not align with industry standards, you may be prompted to stop your SIP.
- **Market fluctuations:** Extreme market volatility or downturns can be a trying time for many investors. You may liquidate your mutual funds and stop the SIP to avoid further losses.
- **Poor performance of the mutual fund scheme:** If the mutual fund scheme consistently underperforms compared to its benchmark or competitors, you may want to reevaluate your investment strategy and stop your SIPs.
- **Achieving financial goals:** You may want to stop your SIP if you have achieved your financial goal. For example, if you plan to buy a car, you may stop the SIP and withdraw your funds once you have the required money.

Steps to stop a mutual fund SIP

There are two ways to stop your mutual fund SIPs - online and offline.

How to stop SIPs online

- **Log on to your investor account on the mutual fund house's website or the broker's website:** Visit the fund house's website or the broker's platform and log in to your investor account.
- **Go to SIP transactions:** Access the account management section offering options for various transactions. Navigate to the SIP transactions section to view details of all your active SIPs. Identify the specific SIP you wish to stop. You will find information on all your SIPs here, like scheme name, investment date, frequency, and next instalment date.
- **Select the SIP you wish to pause:** Select the SIP you want to pause and choose the 'modify' or 'cancel' option. You can opt for the 'pause SIP' option and specify the duration for which the SIP is to be halted if you wish to pause your SIPs temporarily. The duration for pausing an SIP can differ from one fund house to another. The SIP will automatically resume at the end of the specified pause period. You can click 'cancel' if you wish to stop your SIP permanently.

How to stop SIPs offline

- **Reach out to the Asset Management Company (AMC):** Contact the AMC or visit their office to ask for assistance in stopping the SIP.
- **Collect the appointment form:** Obtain the SIP cancellation form from the AMC's office or the Registrar and Transfer Agents (RTA).
- **Fill out all crucial details:** Complete the form with essential information such as the name of the mutual fund scheme, folio number, SIP amount, linked bank account details, and the desired end date for your SIPs.
- **Submit the form:** Submit the filled form to the AMC or RTA office. After receiving your form, the AMC will initiate a cancellation request. This can typically take around 21 days to process.
- **Visit the bank for NACH mandate:** Visit the bank, fulfil the National Automated Clearing House (NACH) mandate, and request the bank to cancel the SIP.
- **Get confirmation from the bank:** The bank will confirm that your SIPs have been stopped. You need to provide this written confirmation from the bank to the AMC. Once the confirmation is received by the AMC, the SIP deductions will stop.

Conclusion

Understanding how to stop an SIP is crucial to making informed and timely decisions during changing circumstances. Knowing the right steps can help you in a financial emergency or when you need to make modifications to your investment strategy.