**PRESS RELEASE**

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**The Quickest Route To Becoming An IFISA Millionaire**

New analysis by 4thWay reveals how investors have a shot of reaching £1 million with controlled downside risks, by investing £10k per year in peer-to-peer lending

A selection of peer-to-peer lending platforms that now offer IFISAs tempt investors with high interest rates which could see them become IFISA millionaires in little more than the time it takes for their children to grow up and leave university.

According to 4thWay – the independent comparison and ratings agency for the peer-to-peer lending market, the usual correlation between high interest rates and high risks holds true in peer-to-peer lending. However there are currently some platforms that might just be able to make some IFISA investors millionaires inside 25 years without taking crazy risks.

* Invest £10k each year aiming for 9% interest after bad debts for 25 years, that's the magic £1 million. A difficult but potentially achievable target.
* Achieve or aim for a more modest 5% net interest rate and you can still hit the same target if you lend £20k per year.
* If you can’t afford to set aside that much every year, in 25 years you will still have quadrupled whatever you invest each year at 9%, or doubled whatever you invest if you went for the lower-risk 5%.
* If you can’t lend every year, a one-off lump sum now, lent at a net 9%, would grow ninefold and at 5% it would still grow threefold. In this event, you might want to look for IFISAs that allow partial transfers out, so that in the new tax year you can open several IFISAs simultaneously and diversify your existing pot across them. Alternatively, if you have some cash or shares ISAs with money from previous tax years, you can open several IFISAs right away and transfer some of those funds across to the IFISAs (1).

# How achievable is this?

# Neil Faulkner, co-founder and managing director of 4thWay explains: “*9% is a tough target, but with good headwinds, options exist today that could potentially enable you to achieve this inflation-busting target, while still controlling the risks.*

*“You’ll need to look at asset-secured P2P lending platforms, potentially some property development lending platforms that are highly selective of their loans, and also some peer-to-peer lending platforms that regularly have attractive individual loans.*

*“Asset-secured P2P lending sites (2), such as FundingSecure, MoneyThing and Assetz Capital, typically pay around 12% after fees and before bad debts.*

*“Development lending sites, such as Relendex and CapitalRise can pay 8% to 15%, often depending on where you are in the queue in the event of a default.*

*“Shopping around some more, you can pick individual investment-property loans (3) at Proplend, or options like HNW Lending often have juicy individual short-term property loans with huge security for you to select.”*

## Controlling the risks

In addition to investors going for platforms with solid records and great asset/property security, and taking the time to handpick a large basket of quality loans to lend in, the high interest rates themselves provide large protection against defaults, so that even if you don’t hit your target you have huge earnings to make up for any bad debts.

With all that combined, the downside risks can be very well contained. Investors starting today have an additional temporary boost: some IFISA providers still appear to offer a positive mismatch between risk and reward, in that the interest rates are more juicy for investors than they need to be to cover the risks involved.

**Neil Faulkner concludes**: “*Anyone seeking to become an IFISA millionaire needs time to enjoy it - you don’t want to take so long that inflation makes hitting your goal meaningless. That is why you have to take bigger risks, although there is still no need to be reckless to have a chance.*

*“You could approach this in a more mixed way, perhaps aiming for half a million by splitting your money between several lower-risk and lower-return IFISAs and peer-to-peer lending account options too.*

*“You can achieve a million in many ways, but you do need to get a long-term plan in place now. It is only a matter of time before we have our first Innovative Finance ISA millionaire.”*

**-ENDS-**

**NOTES FOR EDITORS**

1. ISA rules allow investors that have funds in existing IFISAs, or other types of ISAs, that were added prior to 6th April to split those previous years' funds into multiple new IFISAs. New contributions made in the tax year starting 6th April 2018 cannot be split into multiple IFISAs until 6th April 2019. Read 4thWay's IFISA Guide for more information at <https://www.4thway.co.uk/guides/about-p2p-isas-guide/>
2. *Asset secured* typically means short-term property loans or loans secured against luxury cars, yachts, valuable art or business equipment.
3. *Investment-property loans* are loans to landlords that are renting out either residential or commercial property. Typically, the monthly rent more than covers the monthly loan/mortgage payments to the P2P investors.

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**About 4thWay® – P2P Lending Research Approved By Your Peers**

4thWay® is an independent ratings agency for the peer-to-peer lending market that helps investors make comparing the many risks and aspects of lending through each P2P lending company easier. We uniquely have the full range of skills to research opportunities in this sector, and provide unbiased P2P lending comparisons, calculated ratings, detailed company insight reports, as well as exclusive lending tips, all available at [4thWay.co.uk](http://www.4thway.co.uk/)

Our mission is to be the most trustworthy source of information for P2P investors in the UK - which is why we hold ourselves accountable to our users, who govern us through a *Panel of Peers*, ensuring we always stay focused on individual lenders interests in this thriving market.