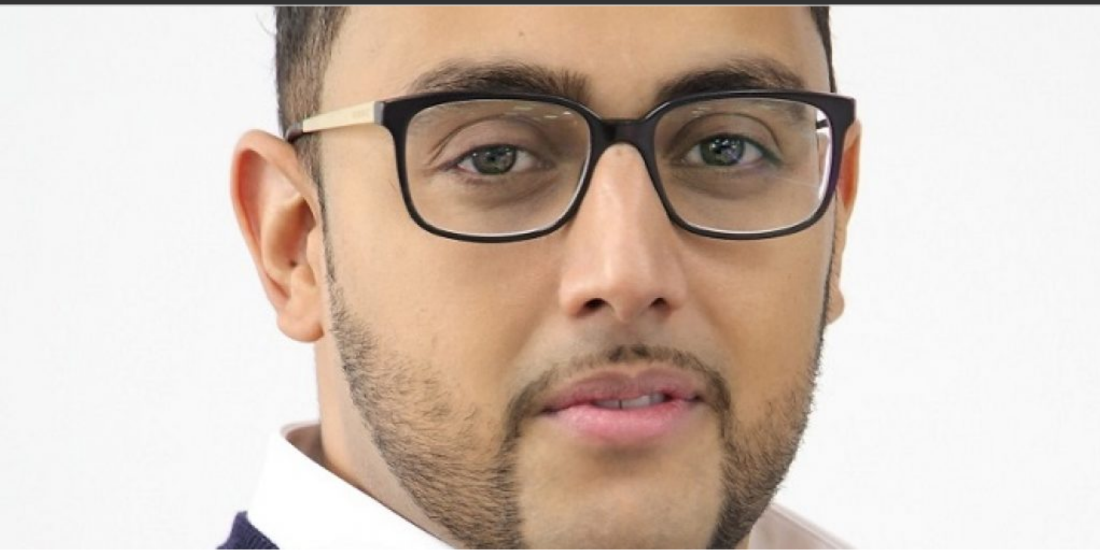

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Off to a good start

CONTRIBUTOR | FEATURES, IFISA, JOINT VENTURES AND PROMOTED CONTENT | KUFLINK, NARINDER KHATTOARE |

Narinder Khattoare, chief executive of Kuflink, explains why IFISA investors have no time to lose

THE 2018/19 ISA SEASON was characterised by a certain level of frustration among savers and investors. Stock market volatility meant that the FTSE 100 ended 2018 at a 12.5 per cent loss; while low interest rates kept average cash ISA returns under one per cent for the vast majority of savers.

This has presented a great opportunity for IFISA providers, who have been able to market their products as low-risk, fixed-rate investments which can enjoy all the benefits of the tax-free wrapper.

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At property-backed peer-to-peer lender Kuflink, these benefits include tax-free returns of up to seven per cent per year through its five-year IFISA account, up to 6.1 per cent on its three-year product and up to five per cent on its one year ISA. And the sooner investors can start allocating their funds, the more money they stand to make.

loan schemes

"The start of the tax year allows investors to search the market for their preferred investment opportunities and utilise their full tax year allowance," says Narinder Khattoare, chief executive of Kuflink. "This will also enable investors to accrue tax-free interest for the full year and maximise their returns."

This is particularly true for those early-bird investors who allocate their funds right at the beginning of the tax year.

According to Khattoare, Kuflink sees the largest increase in new ISA accounts between February and April, as investors rush to use up their £20,000 ISA allowance before the end of the tax year. But the best returns will always be available to investors who have a plan for their cash beginning every year on 6 April.

"By investing early, investors can also benefit from the effect of compound interest," explains Khattoare. "If the IFISA is compounded then the interest earned can be a fair amount higher than simple interest. Lenders get that little bit more, and in this climate every little helps."

Kuflink's IFISA has certainly proven popular with value-seeking investors over the past financial year. Attracted by the platform's zero-loss record, and the team's property lending expertise, investors have contributed to the "encouraging growth" of Kuflink's IFISA portfolio. But Khattoare hopes that the 2019/20 tax year is the year that IFISA investing will go mainstream.

"We're seeing encouraging growth in this space," he says. "However, general awareness and education is needed as the average saver isn't familiar with P2P, and many don't even know that the IFISA product exists."

While Kuflink is doing all it can to promote its own IFISA and all the benefits it can bring, there is one change that Khattoare would like to see in the financial year ahead: multi-platform access.

“It would be nice to see investors allowed to spread their annual IFISA allowance across a variety of platforms,” he says. “This would be a great move for savvy investors as they could then spread their risk across platforms and have greater access to different types of investments.

“It would be hugely beneficial for savers to pick and choose from platforms that offer different rates, security, risk and terms, and would protect them from being overexposed in any one single sector.”

Until this happens, Kuflink is determined to keep offering a choice of IFISAs to suit all investors.

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