

Part 2A Appendix 1 of Form ADV
Wrap Fee Program Brochure

Private Wealth Management Program

Sponsored by

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This wrap fee program brochure provides information about the qualifications and business practices of Schmidt Financial Group, Inc. If you have any questions about the contents of this brochure, please contact us at (425) 893-9195.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Schmidt Financial Group, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

The use of the term registered investment adviser does not imply a certain level of skill or training.

March 30, 2012

Item 2 – Material Changes

There were no material changes to this brochure since the last annual update on March 25, 2011.

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Item 4 – Services, Fees and Compensation

This brochure describes in detail the asset management program offered by Schmidt Financial Group, Inc. ("SFGI") known as the Private Wealth Management Program (the "Program"). The Program includes comprehensive asset management services utilizing unaffiliated third party portfolio managers, mutual funds, ETFs, and individual securities among other investments. SFGI is not a portfolio manager for the Program.

Services offered in Private Wealth Management Program

STATEMENT OF INVESTMENT POLICY -

- Information regarding Client's objectives, risk tolerance, anticipated contributions and withdrawals and overall financial profile is collected on a Client Profile, usually by Financial Adviser and/or Solicitor. A written Statement of Investment Policy is developed which provides guidelines defining goals and objectives, permissible investments, standards for selection of service providers and standards for ongoing evaluation of investment performance.
- Asset Allocation Analysis — Information regarding Client's objectives, risk tolerance, anticipated contributions and withdrawals and overall financial profile is collected on a Client Profile. Based on this information, a detailed, in-depth allocation examination of portfolio diversification strategies and their possible benefits is conducted and an Asset Allocation Analysis is developed which proposes a specific allocation strategy for Client's Managed Assets among equity, balanced, and/or fixed income Portfolio Managers.
- Investment Product Development, Selection, Monitoring and Due Diligence Services
- Portfolio Managers who manage all or a portion of client's assets in accordance with that Portfolio Manager's asset class specialties.
- Client can also elect reconciliation and reporting (account "aggregation") services on accounts outside of the Program
- Tax Overlay services to track and calculate cost basis information by tax lot to determine the unrealized and realized gain and/or loss

SFGI is not affiliated with any Portfolio Manager or with any mutual fund; however, agents of SFGI may receive reimbursement for expenses incurred in connection with seminars, conferences, meetings and research conducted by SFGI and/or research reports.

In addition, NFPSI may from time to time, at the request of a Portfolio Manager, execute transactions for the account of the Portfolio Manager, which transactions are unrelated to client accounts in any of SFGI's programs.

FEES

Household Asset Valuation	Equity	Fixed Income	MF/ETF*	Advisory Fee
\$ 250,000 - \$ 499,000	0.72%	0.310%	0.02%	1.25%
\$ 500,000 - \$ 999,999	0.72%	0.310%	0.02%	1.00%
\$ 1,000,000 - \$ 1,999,999	0.72%	0.310%	0.02%	0.75%
\$ 2,000,000 - \$ 4,999,999	0.70%	0.300%	0.02%	0.50%
\$ 5,000,000 - \$ 7,999,999	0.67%	0.285%	0.02%	0.49%
\$ 8,000,000 - \$13,999,999	0.63%	0.270%	0.02%	0.49%
\$14,000,000 - \$19,999,999	0.57%	0.250%	0.02%	0.48%
\$20,000,000 - \$24,999,999	0.56%	0.250%	0.02%	0.48%
\$25,000,000+	0.55%	0.250%	0.02%	0.48%

*MF/ETF fees are currently waived for all Clients.

Fees are negotiable for clients who entered into a relationship with SFGI prior to March 2007, their relatives and referrals who become clients.

A tax overlay fee of 0.04% will be assessed on all equity accounts. The Program Fee includes unaffiliated third party portfolio managers, custody, trading, and reconciliation services. The Program Fee is calculated based on average Equity manager fee of 0.35% and average Fixed Income manager fee of 0.20%. If the average Equity or Fixed Income manager fees exceed 0.35% and 0.20% respectively this may result in increased Program Fee.

Program Fees are calculated by applying the annual Fee Schedule to the value of Client's Program Assets, determined quarterly on a household basis (partners and dependent children) and calculated based on the current market value as of the last day of the prior quarter. Fees will be debited from Client accounts with the Broker on a quarterly basis in advance. Client agrees to authorize Broker to pay a wrap fee from Client accounts. The wrap fee will cover all amounts due to Broker, any providers of research and the advisory fee. Client acknowledges and agrees that it is Client's responsibility to verify the accuracy of each fee calculation and that the Broker will not determine whether fees are properly calculated.

The initial Program Fee for the first calendar quarter (or part thereof) in which the Client participates in the Program will be calculated as of the day after initial Program Assets are placed in the Program with the Broker and debited the first day of the next calendar month. The initial Program Fee for any partial calendar quarter will be pro-rated based on the number of calendar days in the partial quarter.

However, if a Client account is opened in the last month of a calendar quarter, the Program Fee will be calculated and based on the remaining period in the calendar quarter plus the next calendar quarter as of the day after initial Program Assets are placed into the Program. If Client invests \$10,000 or more after the beginning of a calendar quarter, the Program Fee for that quarter will be recalculated and pro-rated as of the day of the additional investment.

If this Agreement is terminated and all Program Assets are withdrawn from the Program prior to the end of a quarter, any pro rata portion of the Program Fee will be reimbursed to Client.

If there is insufficient cash included in Program Assets at the time the Program Fee is due and payable, Client understands and acknowledges that Advisor or Platform Provider may sell sufficient Program Assets to generate cash to pay the Program Fee. This may create a taxable gain or loss for Client. If Program Assets are illiquid and Advisor or Platform Provider determines that the sale of Program Assets to pay the Program Fee is not feasible, Platform Provider will send Client an invoice for the Program Fee for the quarter. Client agrees to pay this invoice within ten (10) days of receipt.

Fees are subject to change upon the Adviser giving the Client thirty days written notice in the manner prescribed in this Agreement. Client has the option of accepting the new fee schedule or terminating this Agreement pursuant to the termination provisions of the Agreement.

The Program Fee does not cover certain charges associated with securities transactions in Client accounts, including: (i) dealer markups, markdowns or spreads charged on transactions in over-the-counter securities; (ii) costs relating to trading in certain foreign securities; (iii) the internal charges and fees that may be imposed by any collective investment vehicles ("Collective Investment Vehicles"), such as mutual funds and closed-end funds, unit investment trusts, exchange-traded funds or real estate investment trusts (such as fund operating expenses, management fees, redemption fees, 12b-1 fees and other fees and expenses).

Further information regarding charges and fees assessed on Collective Investment Vehicles may be found in the appropriate prospectus or offering document) or other regulatory fees; (iv) brokerage commissions or other charges imposed by broker-dealers or entities other than the custodian if and when trades are cleared by another broker-dealer; (v) the charge to carry tax lot information on transferred mutual funds or other investment vehicles, postage and handling charges, returned check charges, transfer taxes; stock exchange fees or other fees mandated by law, and (vi) any brokerage commissions or other charges, including contingent deferred sales charges ("CDSC"), imposed upon the liquidation of "in-kind assets" that are transferred into the Program.

Aggregation Fee

For Aggregation services, Client will pay an annual aggregation fee of 0.25% with a minimum annual charge of \$250. The Aggregation Fee is calculated by applying the annual Fee Schedule to the value of Client's aggregated assets, determined quarterly and calculated based on the current market value as of the last day of the prior quarter.

The Aggregation Fee will be debited from Client accounts held by the Broker, on a quarterly basis in advance, under similar authorizations and guidelines as the Program Fee. Client shall authorize Broker to pay the Aggregation Fee.

Refunds

Client has the right to cancel this Agreement within five (5) business days of the of Advisor's acceptance by giving written notice of such cancellation to Advisor. In such event, any Program Fees paid by Client shall be refunded to Client, but Client shall be responsible for any transactions executed prior to Advisor's receipt of the written cancellation notice. This Agreement may be terminated by either party upon thirty (30) days prior written notice to the other party. Termination of this Agreement will not affect liabilities or obligations arising from performance or transactions initiated prior to such termination.

General Disclosures

The wrap fee may be more or less than the cost of purchasing the same services separately or from a different source. The factors to be considered by clients in determining the reasonableness of the fees charged include but may not be limited to the following:

- Commissions, markups and markdowns and miscellaneous securities transaction fees
- Gathering information on individual Portfolio Managers, Mutual Funds, ETFs and other investment options ("Due Diligence"), making selections and ongoing monitoring
- Gathering information about a Client's investment goals and objectives, financial situation and tax status
- Designing customized allocations utilizing unaffiliated third party portfolio managers, mutual funds, ETFs, and individual securities among other investments.
- Cost of maintaining custodial accounts

Item 5 – Account Requirements and Types of Clients

SFGI provides the Programs to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, foundations, endowments, corporations and other business entities.

Account Minimums

SFGI requires a minimum of \$250,000 to establish a new advisory account; however, the minimum may be waived at the sole discretion of SFGI. In addition, SFGI may continue to service existing accounts that have values that are below the minimum.

Item 6 – Portfolio Manager Selection and Evaluation

SFGI is not a portfolio manager. SFGI contracts for services from firms that have constructed and manage mutual fund, portfolio manager, and other financial product supermarkets ("Platform Providers").

Platform Provider relationships enable SFGI to offer clients a broader range of services. Platform Providers work with multiple investment advisers and due to this scale are generally able to negotiate more favorable terms for services and fees than one investment adviser.

SFGI gathers information about a client's investment goals and objectives, financial situation and tax status. SFGI uses the information to base recommendations and offer customized allocations utilizing unaffiliated third party portfolio managers, mutual funds, ETFs, and individual securities among other investments. SFGI conducts a due diligence investigation, selection, and monitoring process regarding the various investment options within the Program.

SFGI generally reviews the Form ADV for the following information:

- Management structure
- Backgrounds of personnel
- Manager compensation
- Custody of securities and cash
- Investment strategy, objective and the use of leverage
- Conflicts and potential conflicts of interest
- Disciplinary information

SFGI considers how closely a portfolio manager's results mirrors the indices they track. SFGI analyzes portfolio managers by comparing managers that target the same market sector and have the same investment style. SFGI reviews any portfolio manager information that is provided by the portfolio manager and Platform Provider.

The performance information that is reviewed may include:

- YTD Return (Outsize swings in comparisons to peers can be a sign of risky practices such as placing large bets on certain sectors of the market.)
- 1 Yr Return
- 3 Yr Return
- 5 Yr Return (Typically over a five year period, the economy experiences a complete cycle. However, the way in which a manager operates in various economic environments reflects the manager's ability to make adjustments or stay the course.)

- Performance information gross or net and how calculated, if it conforms to regulatory standards and any related opinions
- The manager or management team tenure is used to determine who was responsible for generating the performance numbers.

Since portfolios have customized allocations utilizing unaffiliated third party portfolio managers, mutual funds, ETFs, and individual securities among other investments, performance may not be calculated on a uniform and consistent basis.

Changes to a client's investment goals and objectives, financial situation and tax status may trigger a reallocation among third party portfolio managers. SFGI can choose not to allocate any client assets to a particular portfolio manager.

The portfolio managers that have been retained to support the Program will be licensed as investment advisers in the states where they conduct business or with the Securities and Exchange Commission. A copy of the disclosure brochure for each portfolio manager will be provided when a client's assets are allocated to a manager.

Item 7 – Client Information Provided To Portfolio Managers

Describe the information about *clients* that you communicate to the *clients'* portfolio managers, and how often or under what circumstances you provide updated information.

Item 8 – Client Contact With Portfolio Managers

Explain any restrictions placed on *clients'* ability to contact and consult with their portfolio managers.

Item 9 – Additional Information

DISCIPLINARY INFORMATION

SFGI does not have any disciplinary information to disclose.

Criminal or Civil Actions

Neither SFGI nor any management person has been found guilty of or has any criminal or civil actions pending in a domestic, foreign or military court.

Administrative Proceedings

Neither SFGI nor any management person has any administrative proceedings pending before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.

Self-Regulatory Organization ("SRO") Proceedings

Neither SFGI nor any management person have been found by any SRO to have caused an investment-related business to lose its authorization to do business, or to have been involved in violating the SRO's rules, or were barred or suspended from membership or from associating with other members, or were expelled from membership, otherwise significantly limited from investment-related activities, or fined.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Broker-Dealer Registration

Some associated persons of SFGI are registered representatives of NFP Securities, Inc., ("NFPSI") an affiliated registered broker-dealer, member of the Financial Industry Regulatory Authority ("FINRA"), and a registered investment adviser. NFPSI is a diversified financial services company engaged in the distribution of investment advice and investment products. Some associated persons of the applicant are registered representatives of NFPSI, and insurance agents/brokers of various insurance companies. In such capacities, associated persons of the applicant may receive normal commissions and/or other compensation associated with those activities.

National Financial Partners Corporation is the principal owner of SFGI. National Financial Partners Corporation owns a controlling interest in NFP Securities, Inc. an affiliated registered broker-dealer, member of the Financial Industry Regulatory Authority ("FINRA"), and a registered investment adviser. NFP Securities, Inc. is a diversified financial services company engaged in the distribution of investment advice and investment products.

NFP Securities, Inc. and SFGI are affiliated only by virtue of this common control. National Financial Partners Corporation is an independent financial services distribution network offering specialized financial services to high net-worth individuals and corporations. Some associated persons of SFGI may recommend securities or insurance products offered by NFPSI, and receive normal commissions if products are purchased through them.

Thus, a potential conflict of interest may exist between the interests of the associated persons and those of the advisory clients. However, clients are under no obligation to act upon any recommendations of the associated persons or affect any transactions through the associated persons if they decide to follow the recommendations.

Under the rules and regulations of FINRA, NFPSI has obligations to maintain records and perform other functions regarding certain aspects of the investment advisory activities of its registered representatives in relation to certain advisory accounts for which its registered representatives provide investment advice. These obligations require NFPSI to coordinate with, and have the cooperation of the account custodian.

In order to fulfill its obligation, NFPSI has established a list of custodian and brokerage firms which it has arranged to obtain the required cooperation, and which therefore may be utilized for custody of accounts directly advised either by registered representatives of NFPSI who are investment advisers or other investment advisory entities which are affiliated with registered representatives of NFPSI.

In certain instances, NFPSI will collect, as paying agent for the Adviser, the investment advisory fee remitted to the Adviser by the account custodian, and NFPSI may retain a portion as a charge to the investment adviser (not the client) for the functions NFPSI is required to carry out by FINRA.

This fee will not increase execution or brokerage charges to the client or the fee the client has agreed to pay to the Adviser pursuant to the client's advisory agreement. A portion of the fee retained by NFPSI may be re-allowed to other registered representatives of NFPSI who, as registered representatives of NFPSI are responsible for the supervision of other representatives and assist NFP Securities, Inc., with the functions described above.

Futures Commission Merchant/Commodities

Neither SFGI nor any management person is a commodity broker/futures commission merchant, a commodity pool operator, commodity trading advisor or an associated person for the foregoing entities; nor do they have any registration applications pending.

Relationships with Related Persons

Related persons are insurance agents appointed with various insurance companies. In such capacities, related persons may recommend insurance products and receive normal commissions and/or other compensation if products are purchased through any firms with which any related person is appointed.

Conflicts of Interest

A potential conflict of interest exists between the interests of related persons and those of the advisory clients. However, clients are under no obligation to act upon any of their recommendations or acquire any insurance products through them if they decide to follow their recommendations.

Relationships with Other Advisers

National Financial Partners Corporation is the principal owner of other registered investment advisers.

Conflicts of Interest

The other registered investment advisers are independently managed and operated. Therefore, no conflicts or potential conflicts of interest with the interest of advisory clients should arise.

CODE OF ETHICS

SFGI has adopted a Code of Ethics that sets forth standards of conduct expected of advisory personnel and to address conflicts that arise from personal trading by advisory personnel. Advisory personnel are obligated to adhere to the Code of Ethics, and applicable securities and other laws.

The Code covers a range of topics that may include: general ethical principles, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code, review and enforcement processes, amendments to Form ADV and supervisory procedures. SFGI will provide a copy of the Code to any client or prospective client upon request.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

Principal Trading

Neither SFGI nor any affiliated broker-dealer affects securities transactions as principal with SFGI's clients.

Agency-Cross Action Transactions

Neither SFGI nor any associated person recommends to clients, or buys or sells for client accounts securities in which SFGI or an associated person has a material financial interest.

Neither SFGI nor any associated person acting as a principal, buys securities from (or sells securities to) clients, acts as general partner in a partnership in which Adviser solicits client investments, or acts as an investment adviser to an investment company that SFGI recommends to clients.

PERSONAL TRADING BY ASSOCIATED PERSONS

SFGI recommends that clients invest in various types of assets. SFGI and its associated persons may invest in the same types of assets. Permitted investments for associated persons are all asset classes.

Associated persons may own an interest in or buy or sell for their own accounts the same securities, which may be recommended to advisory clients. Associated persons seek to ensure that they do not personally benefit from the short-term market effects of their recommendations to clients and their personal transactions are regularly monitored.

Associated persons are aware of the rules regarding material non-public information and insider trading. Associated persons may also buy or sell a specific security for their own account based on personal investment considerations, which SFGI does not deem appropriate to buy or sell for clients.

REVIEW OF ACCOUNTS

All accounts are subject to a regular and ongoing review in an active management style to assure conformity with client objectives and guidelines. Accounts are reviewed in light of emerging trends and developments as well as market volatility. In addition, a change in the client's investment objective or financial situation may trigger a review.

Clients receive reports showing holdings and performance, which are delivered to clients quarterly. Detailed reports, which may include realized gains/losses, interest and dividends earned are reported to clients no less than annually.

Clients receive confirmations of transactions and statements of positions from the account custodian, either via mail or secure online view, no less than quarterly. Client account status from custodian, including balances, holdings and transactions are available for online client view via secure connection.

CLIENT REFERRALS AND OTHER COMPENSATION

On occasion, SFGI may refer clients to other professionals for services that SFGI is unable to perform. In turn, SFGI may receive referrals from these firms.

Although there is no direct monetary benefit derived from these arrangements, they are mutually beneficial and provide an indirect benefit. SFGI will never base its referrals solely on any formal or informal arrangement.

FINANCIAL INFORMATION

SFGI doesn't accept \$1,200 six months in advance of providing services or have custody so no audited balance sheet is being provided. There is no financial condition that is reasonably likely to impair the Adviser's ability to meet its contractual commitments to its clients.