

**Peterson Financial Group, Inc.**

**FIRM BROCHURE**

**FEBRUARY 21, 2023**

*Peterson Financial Group, Inc.  
220 SW 9<sup>th</sup> St., Suite 230  
Des Moines, IA 50309  
Local Phone: (515) 226-1500  
Website: [www.petersonfg.com](http://www.petersonfg.com)  
Email: [eric@petersonfg.com](mailto:eric@petersonfg.com)*

This brochure provides information about the qualifications and business practices of Peterson Financial Group, Inc. If you have any questions about the contents of this brochure, please contact Eric Peterson at (515) 226-1500. 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.

Peterson Financial Group, Inc. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The written communications of an Adviser provide you with information about which you can use to determine to hire or retain an Adviser.

Additional information about Peterson Financial Group, Inc. is available on the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for the Advisor is 169519.

## **Item 2: Material Changes**

The material changes in this brochure from the last annual updating amendment of Peterson Financial Group, Inc. on 03/10/2022, are described below. Material changes relate to Peterson Financial Group, Inc.'s policies, practices or conflicts of interests only.

- Peterson Financial Group, Inc. has updated their primary office address (Cover Page).

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## **Item 4: Advisory Business**

### **A. OWNERSHIP/ADVISOR HISTORY**

Peterson Financial Group, Inc. (“We”) was formed in October 2008 as an Iowa corporation. It was subsequently registered as an Iowa investment adviser in 2013. We are owned by Eric Peterson. Mr. Peterson is the president and additional information about Mr. Peterson can be found under Item 19, below.

### **B. ADVISORY SERVICES OFFERED**

Before we enter into an Adviser-Client relationship, we may offer a complimentary general consultation to discuss services available, give a prospective client time to review services desired, and determine whether a relationship might benefit the client. Investment advisory services begin only after we and the client formalize the relationship with a properly executed agreement. We offer the following services to our clients:

#### **i. FINANCIAL PLANNING SERVICES**

We offer a four step financial planning process. The process includes:

**Income Gap Analysis:** The first step is an income gap analysis to determine if the client is using income sources properly and in the most tax-efficient method to support their lifestyle goals in retirement. We will also discover if the client has adequate income to meet his/her future needs and the ever-increasing cost of inflation. The client’s personal inflation rate may be different than government-quoted inflation rates because of the ways in which he/she actually spends money.

**Risk Analysis:** The second step is a risk analysis to ensure the client’s investment risk exposure is one he/she is comfortable with and is aligned with his/her investment allocation strategies. It also reveals many of the true fees the client is paying in his/her investments. Research shows that most investors make poor decisions and receive low rates of return and experience losses because they are actually taking more risk than they are comfortable with and losing significant money to fees. A simple set of questions will help inform the client of what his/her risk comfort level is and help him/her avoid losses he/she is not prepared to handle or not aware of.

**Survivorship Analysis:** The third step is to evaluate the economic impact of losing a spouse. The income streams for the remaining spouse change and the tax rate will increase for the surviving spouse. Our process will illustrate this to our clients so we can help them make planning decisions to make sure the standard of living for the remaining spouse is not compromised.

**Tax Bucket Analysis:** The fourth step is a complete look-forward review of the client’s tax return to determine his/her current tax situation, and to address issues like phantom income tax, uses of taxable, tax deferred and tax free strategies, as well as a discovery of missed opportunities for offsetting gains and losses. This could be as simple as selling a losing stock to

offset a capital gain on a mutual fund that the client may have missed by waiting until it was too late. Our Four Step Review is designed to help the client implement the correct strategy to lower or eliminate certain taxes and find money falling through the cracks now and in the client's future.

Following the conclusion of the consulting services, we may make recommendations regarding implementation of the financial strategies discussed.

## **ii. RECOMMENDATION OF THIRD PARTY INVESTMENT ADVISERS**

After an initial meeting with the client or when deemed appropriate, we may recommend the services of a third party investment adviser ("Third Party Adviser"). The recommendation will depend on the client's circumstances, goals and objectives, strategy desired, account size, risk tolerance, or other factors. We work with each client to determine which Third Party Adviser may be appropriate. Clients are never obligated to use a recommended Third Party Adviser.

We review Third Party Advisers prior to making a recommendation to the client. We consider the following factors during our review: fees, reputation, performance, financial strength, management, price, reporting capabilities, client's financial situation, client's goals, client's needs, and client's investment objectives. After our review we present the client with one or more recommendations.

If the client wishes to proceed with the recommendation, we enter into a Co-Advisor relationship with the recommended Third Party Adviser. Under these arrangements, the Third Party Adviser is responsible for portfolio management, best execution, portfolio reporting, trading, trade error resolution, and custodian reconciliations. We maintain our relationship with the client by monitoring the status of the client's accounts with the Third Party Adviser and making appropriate portfolio model changes when we act as a co-advisor, making recommendations about the Third Party Adviser, meeting with the client either in person or by telephone on an annual basis and acting as the client's primary financial adviser. All questions regarding the Third Party Adviser's services and performance will be directed to us. When we act as a co-advisor we have the ability to manage the manager of the client's portfolio.

Clients who are referred to Third Party Advisers will receive full disclosure, including services rendered and fee schedules, at the time of the referral, by delivery of a copy of the relevant Third Party Adviser's Form ADV Part 2A or equivalent disclosure document before receiving investment advisory services from the third-party adviser.

We will not refer a client to a Third Party Adviser unless it is registered or exempt from registration as an investment adviser in the client's state of residence.

## **C. TAILORED SERVICES**

We tailor all of our services to the client's stated goals, needs and objectives. Any investment restrictions are controlled by the recommended Third Party Adviser. Please see the Third Party Adviser's ADV Part 2A for additional details.

## **D. WRAP PROGRAM**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs and certain other administrative fees. Peterson Financial Group recommends AE Wealth Management (AEWM), which in turn manages a wrap fee program. If we offer client services through AEWM, we will provide clients with a copy of AEWM's disclosure brochure which contains a detailed description of AEWM's services. We will also provide them with a client advisory agreement, which includes the client fee disclosure detail.

#### **E. WRITTEN ACKNOWLEDGEMENT OF FIDUCIARY STATUS**

Our firm provides investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest

#### **F. CLIENTS ASSETS MANAGED**

As of December 31, 2022, we managed approximately \$148,537,741.00 on a discretionary basis.

### **Item 5: Fees and Compensation**

#### **A. FINANCIAL PLANNING**

Our financial planning services are provided on a fixed fee basis. The fixed fee ranges from \$750 to \$5,000. The fee is negotiable based upon the complexity of the client situation, amount of anticipated time including research and amount of client assets. One half of the fee is due upon engagement and the second half is due upon presentation of the plan.

#### **B. RECOMMENDATION OF THIRD PARTY INVESTMENT ADVISERS**

When we are a Co-Adviser, we charge a fee based upon an annual percentage of the assets under management as reported by the Third Party Adviser. The annual fee is up to 1.40%. The fee is negotiable based on the size of account and a client may aggregate accounts to achieve a lower rate. The client will be asked to authorize the Third Party Adviser with the ability to withdraw our fee. Typically, the fee is collected monthly in arrears. However, some Third Party Advisers collect fees on a different fee schedule. This can be found in the Third Party Adviser's ADV Part 2A that

is given to the client upon solicitation.

Our fees are separate and distinct from the Third Party Adviser's assets under management fee. Other fees and expenses not included in our fee may include brokerage commissions, transaction fees, and other related costs and expenses. Additionally, clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, as disclosed in a fund's prospectus, which are separate and distinct from our fee.

### **C. TERMINATION OF SERVICES**

A client may terminate their agreement with us for any reason within the first five (5) business days after signing the agreement and receive 100% refund of any prepaid fees without any cost or penalty. Thereafter, the contract may be terminated at any time by giving ten (10) days written notice to us at Peterson Financial Group, Inc., 220 SW 9th, Suite 230, West Des Moines, IA 50309. Upon written notice of termination, the client will receive a prorated refund of any prepaid fees based upon a percentage of work completed for financial planning engagements or portfolio management by Third Parties who charge fees in advance.

### **Item 6: Performance-Based Fees and Side by Side Management**

We do not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

### **Item 7: Types of Clients**

Our services are offered to individuals and high net worth individuals. We do not require a minimum account size prior to becoming a client.

### **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

#### **A. METHODS OF ANALYSIS AND INVESTMENT STRATEGIES**

We employ an individualized asset allocation method with our clients. When deciding on the asset allocation for a client, we take into account the client's risk tolerance, goals, investment objectives and other data gathered during the client meetings. Asset Allocation is an investment strategy that aims to balance risk and reward by apportioning a portfolio's assets according to an individual's goals, risk tolerance and investment horizon among various asset classes. The asset classes typically include equities, fixed-income, and cash and equivalents. Each class has different levels of risk and return, so each will behave differently over time. Additionally, the risks associated with asset allocation include the chance that the proportions allocated to the various securities will cause the client's account to underperform relevant to benchmarks or other accounts with a similar investment objective.

With respect to the recommendation of Third Party Advisers, we will meet with each client to obtain the client's financial situation, goals and risk tolerance. With this information, we will recommend a Third Party Adviser that we believe meets the client's financial situation, goals and

risk tolerance. We will use various sources of information to help recommend a Third Party Adviser for the client. These sources include but are not limited to Third Party Adviser's ADV Part 2A, marketing materials, financial newspapers and magazines, research prepared by other advisers, company press releases, prospectuses, and other SEC filings.

## **B. RECOMMENDED SECURITIES AND INVESTMENT RISKS**

All investments bear different types and degrees of risk and **investing in securities involves risk of loss that clients should be prepared to bear.** While we use investment strategies and Third Party Advisers that are designed to provide appropriate investment diversification, some investment strategies and Third Party Advisers have or utilize significantly greater risks than others. Obtaining higher rates of return on investments entails accepting higher levels of risk. Recommended investment strategies and Third Party Advisers seek to balance risks and rewards to achieve investment objectives. A client needs to ask questions about risks he/she does not understand. We would be pleased to discuss them.

We strive to render our best judgment on behalf of our clients. Still, we cannot assure or guarantee clients that investments will be profitable or assure that no losses will occur in an investment portfolio. Past performance is an important consideration with respect to any investment or investment adviser but is not a reliable predictor of future performance. We continuously strive to provide outstanding long-term investment performance, but many economic and market variables beyond our control can affect the performance of an investment portfolio.

An investment could lose money over short or even long periods. A client should expect his/her account value and returns to fluctuate within a wide range, like the fluctuations of the overall stock and bond markets. A client's account performance could be hurt by:

- **Stock market risk:** The chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising stock prices and periods of falling stock prices.
- **Interest rate risk:** The chance that bond prices overall will decline because of rising interest rates.
- **Manager risk:** The chance that the proportions allocated to the various securities will cause the client's account to underperform relevant to benchmarks or other accounts with a similar investment objective.
- **International investing risk:** Investing in the securities of non-U.S. companies involves special risks not typically associated with investing in U.S. companies. Foreign securities tend to be more volatile and less liquid than investments in U.S. securities, and may lose value because of adverse political, social or economic developments overseas or due to changes in the exchange rates between foreign currencies and the U.S. dollar. In addition, foreign investments are subject to settlement practices, as well as regulatory and financial reporting standards, that differ from those of the U.S.
- **Liquidity risk:** One common risk associated with private placements and REITs is a relative lack of liquidity due to the highly customized nature of the investment. Moreover, the full extent of returns is often not realized until maturity. Because of this, these products



tend to be more of a buy-and-hold investment decision rather than a means of getting in and out of a position with speed and efficiency.

- **Credit risk:** This is the risk that an issuer of a bond could suffer an adverse change in financial condition that results in a payment default, security downgrade, or inability to meet a financial obligation.
- **Inflation Risk:** This is the risk that inflation will undermine the performance of an investment and/or the future purchasing power of the assets.

## **Item 9: Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events within the past 10-years that would be material to a client's evaluation of the Adviser or the integrity of its management. We have no information applicable to this Item because we have not been the subject of any administrative, civil, criminal or regulatory proceedings.

## **Item 10: Other Financial Industry Activities and Affiliations**

### **A. BROKER DEALER AFFILIATION**

We are not affiliated with a broker-dealer.

### **B. FUTURES/COMMODITIES FIRM AFFILIATION**

We are not affiliated with a futures or commodities broker.

### **C. OTHER INDUSTRY AFFILIATIONS**

Our firm's advisors are insurance licensed and appointed with various insurance companies. In accordance with industry custom, we are typically compensated for the sale of insurance products through commissions paid by the insurance companies. We may also receive additional monetary and nonmonetary compensation from insurers, or from other insurance intermediaries, which may be contingent upon such factors as volume growth or retention of business. Our compensation may vary depending on the type of insurance product purchased and the insurer selected. This includes the non-fiduciary sale of Fixed Indexed Annuities, Fixed Annuities, Life Insurance and Medicare Supplements. This is a conflict of interest. The firm attempts to mitigate the conflict of interest to the best of our ability by placing the client's interests ahead of our own, adhering to suitability standards for Fixed Indexed Annuity sales and disclosing how we are compensated during the sales process.

### **D. SELECTION AND MONITORING OF THIRD PARTY INVESTMENT ADVISERS**

Our services include recommending Third Party Advisers to our clients. A detailed description of this service can be found under Item 4.B – Advisory Services and Item 5.B – Fees and Compensation. The recommendation of Third Party Advisers may create a financial incentive to recommend one Third Party Adviser over another. We attempt to mitigate the conflict of interest by recommending Third Party Advisers who match the client's financial needs, goals and objectives. Also, clients are not obligated to use any recommended Third Party Adviser.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **A. DESCRIPTION**

Our Code of Ethics establishes ideals for ethical conduct upon fundamental principles of openness, integrity, honesty, and trust. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

Our Code of Ethics covers all supervised persons and it describes its high standard of business conduct, and fiduciary duty to our clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All of our supervised persons must acknowledge the terms of the Code of Ethics annually, or as amended.

### **B. MATERIAL INTEREST IN SECURITIES**

We do not have a material financial interest in any securities.

### **C. INVESTING IN OR RECOMMENDING THE SAME SECURITIES**

Our owner and investment adviser representatives may use the services of a recommended Third Party Adviser. We attempt to mitigate any conflict of interest to the best of our ability through the enactment of our Code of Ethics and our fiduciary responsibilities. Also, our associates are aware of their fiduciary duty to our clients and the prohibitions against the use of any insider information. Records of all associates' proprietary trading activities will be kept, available to regulators to review on the premises.

## **Item 12: Brokerage Practices**

### **A. RECOMMENDATION CRITERIA**

We do not recommend brokers or custodians. All recommendations are provided by the Third Party Adviser. This section is not applicable.

#### **i. RESEARCH AND SOFT DOLLARS**

“Soft dollars” are defined as a form of payment investment firms can use to pay for goods and services such as news subscriptions or research. When an investment firm gives its business to a particular brokerage firm, the brokerage firm in return can agree to use some of its revenue to pay for these types of services. In order to stem the potential conflicts of interest that may arise from “soft dollar” arrangements, we pursue a policy of not entering into any such arrangements, either orally or in writing. Our firm does not have a custodial relationship with a broker dealer.

#### **ii. BROKERAGE FOR CLIENT REFERRALS**

We do not receive client referrals or any other Incentive from any custodian or any third party.

#### **iii. DIRECTED BROKERAGE**

We do not allow for directed brokerage. All brokerage decisions are provided by the Third Party Adviser.

#### **B. TRADE AGGREGATION**

We do not place trades in client accounts. This section is not applicable.

### **Item 13: Review of Accounts**

#### **A. PERIODIC REVIEWS**

Our owner, Eric Peterson, and our advisors, review client accounts on a quarterly basis. Mr. Peterson and our advisors will also meet (either in person or by telephone) with a client on an annual basis or as requested by the client.

#### **B. OTHER REVIEWS**

Additional reviews are conducted periodically depending on market conditions, economic or political events, or by changes in a client's financial situation (such as retirement, termination of employment, physical move or inheritance).

#### **C. REPORTS**

The client will receive a quarterly statement from their account's custodian. We urge clients to carefully review such statements.

### **Item 14: Client Referrals and Other Compensation**

#### **A. OTHER COMPENSATION**

We receive compensation from third-party advisers to which we direct clients.

#### **B. CLIENT REFERRALS**

We may retain third parties to act as promoters for our investment management services but will stay below the de minimus \$1,000 threshold. All compensation with respect to the foregoing will be fully disclosed to each client to the extent required by applicable law. We will ensure each solicitor is properly registered in all appropriate jurisdictions when necessary. All such referral activities will be conducted in accordance with Rule 206(4)-3 under the Advisers Act, where applicable.

### **Item 15: Custody**

All client funds, securities and accounts are held at third-party custodians. We do not take possession of a client's securities. All management fees are deducted from client's accounts under the direction of the Third Party portfolio manager. We do not have the authority to direct the custodian on fees deducted.

### **Item 16: Investment Discretion**

For those client accounts where we will have investment discretion, the client has given written discretionary authority over the client's accounts with respect to securities to be bought or sold and the amount of securities to be bought or sold or to manage the manager of the client's portfolio. Details of this relationship are fully disclosed to the client before any advisory relationship has

commenced. The client provides us discretionary authority via a discretionary investment management clause in the Investment Advisory Contract or tri-party co-advisor agreement.

### **Item 17: Voting Client Securities**

We will not be responsible for responding to proxies that are solicited with respect to securities held in clients' accounts at Third Party Advisers. Proxy solicitation materials are sent to the client directly from the account's custodian. In the event a client has a question about a proxy solicitation, the client should contact the proxy's issuer or the Third Party Adviser.

### **Item 18: Financial Information**

#### **A. BALANCE SHEET**

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to provide a balance sheet.

#### **B. FINANCIAL CONDITION**

Registered investment advisers are required in this Item to provide clients with certain financial information or disclosures about our financial condition. We have no financial commitment that impairs its ability to service our clients.

#### **C. BANKRUPTCY**

We have not been the subject of a bankruptcy proceeding.