

Item 1: Cover Page

Differential Planning LLC

65 Bachar Drive, Fort Morgan, CO 80701

Form ADV Part 2A – Firm Brochure

(970) 279-1335

Dated: March 6, 2024

[\[www.differentialplanning.com\]](http://www.differentialplanning.com)

This Brochure provides information about the qualifications and business practices of Differential Planning LLC, “DP”. If you have any questions about the contents of this Brochure, please contact us at (970) 279-1335. 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.

Differential Planning LLC is registered as an Investment Adviser with the State of Colorado. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about DP is available on the SEC’s website at www.adviserinfo.sec.gov which can be found using the firm’s identification number 312926.

Item 2: Material Changes

The following changes have been made since our previous June 5, 2023 filing of this Brochure:

- Item 4: Updated Client Assets Managed with 2023 figures.

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Item 4: Advisory Business

Description of Advisory Firm

Differential Planning LLC is registered as an Investment Adviser with the State of Colorado. We began doing business as a registered investment adviser in the state of Colorado in February 2021. Charles "Tucker" Johnson is the principal Owner and Chief Compliance Officer of DP and goes by Tucker.

Types of Advisory Services

Hourly Financial Planning Services

This involves service from a financial advisor in exchange for an hourly fee. DP will provide advice, education, and aid with putting these into effect, but will not necessarily provide a written financial plan. Financial planning services may be provided either on a project basis with defined parameters or on an ongoing basis with regular meetings each year. Clients will be offered the opportunity to engage in topics that align with their situation and interests. Financial planning service topics may include, but are not limited to the following:

- **Business Planning:** May include but is not limited to: reviewing current situation and offering strategies to achieve desired financial goals for clients who own a business, are considering starting a business, or are planning to sell a business.
- **Cash Flow Planning:** May include but is not limited to: reviewing financial accounts, recommending an appropriate cash reserve, reviewing income & expenses to determine a current surplus or deficit, and offering strategies for how any surplus or deficit should be prioritized to achieve desired financial goals.
- **Debt Planning:** May include but is not limited to: optimizing lines of credit and/or reviewing outstanding debts and offering strategies for how to pay off based on factors such as the type of debt, interest rate, income tax ramifications, and forgiveness options.
- **Education Planning:** May include but is not limited to: projecting the amount needed to achieve education funding goals and offering strategies to save the desired amounts and/or access financial aid.
- **Employment Benefits:** May include but is not limited to: reviewing current benefits and offering strategies to maximize available employment benefits. For business owners, this may include a review of the current situation and offering of strategies to achieve desired business and personal goals.
- **Employment Planning:** May include but is not limited to: reviewing current situation and offering strategies to achieve desired professional goals for clients who wish to remain at an employer, transition to a new employer, or consider self-employment / independent contracting.
- **Estate Planning:** May include but is not limited to: reviewing current estate plan for exposure to estate taxes as well as existence of power of attorney, will, trust, or other related documents. We recommend consulting a qualified attorney when initiating or updating estate planning activities and may be able provide relevant contact information.
- **Financial Goals:** May include but is not limited to: identifying personal, professional, and financial goals and developing a plan to reach those goals, including details on accomplishing, financial resources needed, and projected timeline.
- **Insurance Planning:** May include but is not limited to: reviewing existing policies to ensure appropriate coverage for life, health, disability, long-term care, liability, home and

automobile. We recommend consulting a qualified insurance agent when initiating or updating insurance coverages and may be able provide relevant contact information.

- **Investment Planning:** May include but is not limited to: identifying an asset allocation strategy that balances financial goals and risk tolerance, and discussing how to establish investment accounts at a qualified custodian.
- **Non-Discretionary Securities Advice:** May include but is not limited to: advising clients on investment strategies and recommending actions for their non-discretionary accounts.
- **Property Planning:** May include but is not limited to: reviewing existing property such as vehicle(s) and dwelling(s) and offering strategies to achieve desired financial goals for clients who own property, are considering purchasing property, or are planning to sell property. We recommend consulting a qualified agent when initiating or updating any property strategy and may be able provide relevant contact information.
- **Retirement Planning:** May include but is not limited to: reviewing current situation and offering strategies to achieve / maintain financial independence, project financial variables (e.g. working longer, saving more, spending less, adjusting investments), and analyze distribution strategies during retirement years.
- **Risk Planning:** May include but is not limited to: reviewing the current situation and offering strategies to decrease financial exposure to death, disability, property & casualty losses, or long-term care. Also, weighing the costs of purchasing insurance versus the benefits of doing so and, likewise, the potential cost of not purchasing insurance (“self-insuring”)
- **Tax Planning:** May include but is not limited to: reviewing current situation and offering strategies, based upon current federal / state / local tax laws & rates, to minimize current and future income taxes including type of account(s) and tax-efficient investments We recommend consulting a qualified tax professional when initiating or updating any tax planning strategy and may be able provide relevant contact information.

Investment Management Services

Investment Management engagements are available only to Clients engaged with DP in an active Hourly Financial Planning agreement. This involves service from a financial advisor in exchange for a fixed fee. The Adviser will determine a target Portfolio allocation between various asset classes (such as equities and fixed income) that balances financial goals and risk tolerance communicated by the Client to the Adviser. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. This is a mutual and voluntary service. If you do not wish to execute a limited power of attorney at a qualified custodian or broker that we use, then we cannot manage your investments. At the request of the Client, the Adviser can provide this service at a qualified custodian on a discretionary basis. If the Client does not wish to allow us discretion, DP may provide non-discretionary securities advice as discussed in the Hourly Financial Planning Services section above, but will not enter trades on the Client’s behalf. The Adviser will periodically review the Portfolio and implement changes that the Adviser deems appropriate but will not give advance notice or seek the Client’s consent for changes to the Portfolio including but not limited to the changing of target asset class allocations and the specific assets held in the Portfolio. The Client is responsible for informing the Adviser of any change in the Client’s financial circumstances, financial goals, and any other information provided by the Client to the Adviser. In providing all services under the agreement, the Adviser will rely on financial and other information provided by the Client without any duty or obligation to investigate the accuracy or completeness of the information. When more than one person represents the

'Client', information and instructions provided by only one individual will be processed and the Adviser shall have no duty or obligation to verify any such information or instructions with other individuals who represent the 'Client'.

Wrap Fee Programs

We do not participate in wrap fee programs.

Client Tailored Services and Client Imposed Restrictions

We tailor our advisory services to the Client situation and interests through financial plans and Investment Policy Statements. Clients may impose restrictions on investing in certain securities or types of securities.

Client Assets Managed

As of December 31, 2023, DP managed \$1,115,957 on a discretionary basis and \$0 on a non-discretionary basis.

Item 5: Fees and Compensation

Please note the client has the right to terminate the contract without penalty or fees within five (5) business days after entering into the contract. How we are paid depends on the type of advisory service we are performing. Please review the fee and compensation information below.

Hourly Financial Planning Fee

Hourly Financial Planning engagements are offered at an hourly rate of \$300 per hour. Our financial planning hourly fee may be higher than normally charged in the industry and similar services may be offered by another adviser at a lower fee. The fee is negotiable and will be due at least annually, paid in arrears, for ongoing hourly engagements, or at the completion of the engagement. Fees may be paid by electronic funds transfer or check. If no service is provided to the Client, the Client will not be charged in that period. In the event of early termination by the Client, any fees for the hours already worked may be due and any completed portion of deliverable will be provided to the Client.

Investment Management Fee

Investment Management engagements are offered at a fixed fee of \$0 per period as a mutual and voluntary service available only to Clients engaged with DP in an active Hourly Financial Planning agreement. Unique circumstances will be approved at the sole discretion of DP. Either the Client or the Adviser may terminate the engagement, without cancellation fees and without cause, at any time.

Other Types of Fees and Expenses

In all instances, clients will purchase recommended securities through brokers that are not affiliated with DP. Any brokerage commissions, transaction fees, and other custodial fees or expenses incurred by the Client are exclusive of and in addition to our fees. Exchange Traded Funds and mutual funds bear internal management fees based on the pro rata share of operating expenses, per fund's prospectus, and may include fee duplication. DP does not receive any portion of fees or expenses related to the sale of securities or insurance products.

Item 6: Performance-Based Fees and Side-By-Side Management

We do not engage in performance-based fees or side-by-side management.

Item 7: Types of Clients

We provide financial planning and investment management services to individuals, high net-worth individuals, trusts, and corporations or other businesses. There is no minimum required account size, but we don't accept investment management clients if not engaged in a Hourly Financial Planning agreement.

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

Methods of Analysis

Our primary method of investment analysis is Modern Portfolio Theory ("MPT") which assesses all portfolio assets, not individual securities. MPT is derived from the capital asset pricing model (CAPM) which states security's pricing entails systematic and unsystematic risk and investors are rewarded for risk taken –the higher risk, the higher return. MPT believes unsystematic risk can be reduced by diversification of correlations via combining assets whose prices move inversely or at different times. Based on statistical measures of correlation and variance, any individual asset's performance is less important than how it impacts the entire portfolio. MPT posits an investor can construct a portfolio to maximize returns for a given level of risk or, inversely, minimize risk for a desired level of returns. An expected, non-guaranteed, return of a portfolio is calculated as a weighted sum of individual assets' expected returns.

Investment Strategies

Our primary investment strategy is buy and hold passive indexing. The buy and hold technique anticipates low transaction costs due to infrequent portfolio trades like when Client's financial goals dictate asset selling to redeem funds. Passive portfolio managers believe no particular management style will consistently outperform market averages and seek low-cost means of generating returns with minimal turnover that mirrors a market index. Indexing is a methodology for grouping specific market segments where predefined operations lead to low portfolio turnover, low costs, and low taxes. Buy and hold passive indexing involves constructing portfolios of distinct asset classes weighted to achieve a desired relationship between correlation, risk, and return. Index mutual funds or index exchange traded funds which passively capture the returns of the desired asset classes are bought and held.

In the ordinary course of business we recommend Vanguard mutual funds and ETFs to our clients and do not currently recommend any funds from other asset managers. We do not receive compensation for recommending these products. In recommending only Vanguard mutual funds and ETFs, our clients could be exposed to risk in the event Vanguard, [the second largest asset manager by assets under management as of early 2022](#), encounters an enterprise-level issue.

Material Risks Involved

All investing strategies we offer involve risk and may result in a loss of your original investment which you should be prepared to bear. Material risks may include, but are not limited to:

- **Strategy Risk:** May include but is not limited to: the Adviser's investment methods of analysis and/or investment strategies may not work as intended.
- **Market Risk:** May include but is not limited to: an investment's current market value will fall because of a general market decline.
- **Interest Rate Risk:** May include but is not limited to: bond (fixed income) prices generally fall when interest rates rise, and may fall below the principal investment value.
- **Inflation Risk:** May include but is not limited to: inflation may erode the buying-power of your investment portfolio, even if the dollar value of your investments remains the same.
- **Fund Risk:** May include but is not limited to: ETFs or mutual funds reflect risks of the underlying securities in addition to the risks linked to structure, management, and liquidity of the fund itself.
- **Indexing Risk:** Indexed ETFs and mutual funds may experience tracking error to their underlying indices and their volatility will reflect changes in the underlying indices.

Item 9: Disciplinary Information

DP and its management personnel have not been involved in legal/disciplinary matters linked to criminal/civil actions, or administrative/self-regulatory organization enforcement proceedings.

Item 10: Other Financial Industry Activities and Affiliations

No DP employee is registered as a broker of a broker-dealer, futures commission merchant, commodity pool operator, or commodity trading advisor. DP has no related parties and has no conflicts of interest with any outside party. DP only receives compensation paid by Clients.

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

As a fiduciary, our firm and its associates have a duty of utmost good faith to act solely in the best interests of each client. Our clients entrust us with their funds and personal information, which in turn places a high standard on our conduct and integrity. Our fiduciary duty is a core aspect of our Code of Ethics and represents the expected basis of all of our dealings. The firm also accepts the obligation not only to comply with the mandates and requirements of all applicable laws and regulations but also to take responsibility to act in an ethical and professionally responsible manner in all professional services and activities.

Code of Ethics Description

This code does not attempt to identify all possible conflicts of interest, and literal compliance with each of its specific provisions will not shield associated persons from liability for personal trading or other conduct that violates a fiduciary duty to advisory clients. A summary of the Code of Ethics' Principles is outlined below.

- Integrity - Associated persons shall offer and provide professional services with integrity.
- Objectivity - Associated persons shall be objective in providing professional services to

clients.

- Competence - Associated persons shall provide services to clients competently and maintain the necessary knowledge and skill to continue to do so in those areas in which they are engaged.
- Fairness - Associated persons shall perform professional services in a manner that is fair and reasonable to clients, principals, partners, and employers, and shall disclose conflict(s) of interest in providing such services.
- Confidentiality - Associated persons shall not disclose confidential client information without the specific consent of the client unless in response to proper legal process, or as required by law.
- Professionalism - Associated persons' conduct in all matters shall reflect credit of the profession.
- Diligence - Associated persons shall act diligently in providing professional services.

We periodically review and amend our Code of Ethics to ensure that it remains current, and we require all firm access persons to attest to their understanding of and adherence to the Code of Ethics at least annually. Our firm will provide a copy of its Code of Ethics to any client or prospective client upon request.

Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest

Neither our firm, its associates or any related person is authorized to recommend to a client, or effect a transaction for a client, involving any security in which our firm or a related person has a material financial interest, such as in the capacity as an underwriter, adviser to the issuer, etc.

Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest

Our firm and its "related persons" may buy or sell securities similar to, or different from, those we recommend to clients for their accounts. In an effort to reduce or eliminate certain conflicts of interest involving the firm or personal trading, our policy may require that we restrict or prohibit associates' transactions in specific reportable securities transactions. Any exceptions or trading pre-clearance must be approved by the firm principal in advance of the transaction in an account, and we maintain the required personal securities transaction records per regulation. In addition, we annually review employee trades in an attempt to mitigate conflicts of interest.

Trading Securities At/Around the Same Time as Client's Securities

From time to time, our firm or its "related persons" may buy or sell securities for themselves at or around the same time as clients. We do not engage in block trading. Our strategies are primarily developed for the long-term and minor differences in price execution are not material to our overall investment strategy. The trading of a person associated with DP is prohibited from trading ahead of clients (front running) in order to potentially receive more favorable prices.

Item 12: Brokerage Practices

DP is NOT affiliated with any Broker-Dealer. For brokerage transactions, we recommend clients select qualified custodian The Vanguard Group, Inc. doing business as Vanguard Marketing Corporation, "Vanguard" based on firm reputation, reasonableness of broker's compensation, and services provided.

Soft Dollar Practices

DP does NOT receive research or other products or services in connection with client securities transactions. Vanguard offers retail services available to any individual investor.

Client Referrals

DP avoids conflicts of interest by NOT using client brokerage to compensate brokers for client referrals.

Directed Brokerage

DP does NOT ask clients to send trades to a specific broker for execution. Vanguard does not permit directed brokerage, but strives to obtain the best execution price in a timely fashion.

Trade Aggregation

DP does NOT aggregate trades. Our investment strategy anticipates long term outcomes where execution costs due to trade aggregation practices are not material to clients. Cost is a fraction of a penny per transaction in bid-ask spread on ETFs. As of May 24, 2023, the 30-day median bid-ask spread on Vanguard ETFs we trade ranged from 0.01-0.02% or 1/100-2/100s of a cent. Current values can be found at: <https://advisors.vanguard.com/investments/bidaskspread>.

Item 13: Review of Accounts

Charles Tucker Johnson, Owner and CCO at DP, will work with Clients to obtain current information regarding their assets and investment holdings and will review this information as part of our Hourly Financial Planning engagements. DP anticipates maintaining a reasonably current view of the client's financial profile through the continuing financial planning services that accompany any investment management engagement.

Client accounts managed under our Investment Management Service will be reviewed at least on a semi-annual basis. Each account is reviewed with regards to the client's investment policies and risk tolerance levels. Events that may trigger a special review would be unusual performance, addition or deletions of client imposed restrictions, excessive draw-down, volatility in performance, buy and sell decisions by DP, or per the client's needs. Clients will receive trade confirmations from the broker(s) for each transaction in their accounts as well as monthly or quarterly statements and annual tax reporting statements from their custodian showing all activity in the accounts, such as receipt of dividends and interest. DP does not provide written reports to Investment Management clients.

Item 14: Client Referrals and Other Compensation

NO economic benefits, including sales awards or other prizes, are provided to DP for investment advice or other advisory services to DP clients. DP and its personnel do NOT directly or indirectly compensate any person for client referrals.

Item 15: Custody

DP does not accept custody of Client funds.

Item 16: Investment Discretion

For those Clients who may wish to enact a limited power of attorney, the Client may choose to grant discretion over Client accounts with respect to securities to be bought and sold and the amount of securities to be bought and sold. Investment discretion is explained to Clients before a limited power of attorney is enacted. After the Client has opened an account at a qualified custodian a limited power of attorney may be enacted if the Client wishes for DP to have such authority. DP will provide its services on a discretionary basis and will not give advance notice or seek the Client's consent for any changes within the Portfolio that are deemed reasonable and prudent when compared to the Client's previously determined target Portfolio allocation. The limited power of attorney may be revoked at the Client's discretion.

Item 17: Voting Client Securities

We do NOT have or accept authority to vote Client securities. Clients will receive their proxies or other solicitations directly from their custodian. Clients can contact us with questions about a particular solicitation via phone number listed in this Brochure.

Item 18: Financial Information

DP has not been subject of a bankruptcy petition or judgment/arbitration/insolvency that would impair our ability to meet contractual commitments to clients. DP does not require the payment of advisory fees six months or more in advance and in excess of \$500 per client.

Item 19: Requirements for State-Registered Advisers

Charles "Tucker" Johnson

Born: 1989

Educational Background

- 2012 – Bachelor's of Arts - History and Economics, Middlebury College

Business Experience

- 2021- Present, Owner and Chief Compliance Officer at Differential Planning LLC
- 2016-2021, Senior Investment Analyst - Corporate Credit at Great West Investments
- 2014-2016, Investment Analyst - Corporate Credit at Great West Financial
- 2012-2014, Investment Analyst - Fixed Income at Payden & Rygel

Professional Designations

Tucker Johnson is a Chartered Financial Analyst. According to the CFA Institute: “The Chartered Financial Analyst® (CFA) credential is the professional standard of choice for thousands of investment firms worldwide. When hiring firms demand investment professionals with real-world analytical skills, technical competence, and the highest ethical and professional standards, they often require the CFA credential.” More information can be found at <https://www.cfainstitute.org/en>.

Other Business Activities

Tucker Johnson is not involved with outside business activities.

Performance-Based Fees

DP is not compensated by performance-based fees.

Material Disciplinary Disclosures

DP and its management personnel have not been involved in legal/disciplinary matters linked to criminal/civil actions, or administrative/self-regulatory organization enforcement proceedings.

Material Relationships That Management Persons Have With Issuers of Securities

Neither DP nor Tucker Johnson have any relationship or arrangement with issuers of securities.

Additional Compensation

Tucker Johnson does not receive any economic benefit from any person, company, or organization, in exchange for providing clients advisory services through DP.

Requirements for State-Registered Advisers

Tucker Johnson has NOT been involved in an arbitration, civil proceeding, self-regulatory proceeding, administrative proceeding, or a bankruptcy petition.

Differential Planning LLC

65 Bachar Drive, Fort Morgan, CO 80701

(970) 279-1335

Dated: June 5, 2023

[\[www.differentialplanning.com\]](http://www.differentialplanning.com)

Form ADV Part 2B – Brochure Supplement

For

Charles Tucker Johnson - Individual CRD #7339525

Owner and Chief Compliance Officer

This Brochure supplement provides information about Charles Tucker Johnson that supplements the Differential Planning LLC, “DP” Brochure. A copy of that Brochure precedes this supplement. Please contact Charles Tucker Johnson if the DP Brochure is not included with this supplement or if you have any questions about the contents of this supplement.

Additional information about Charles Tucker Johnson is available on the SEC’s website at www.adviserinfo.sec.gov which can be found using the identification number 312926.

Item 2: Educational Background and Business Experience

Charles “Tucker” Johnson

Born: 1989

Educational Background

- 2012 – Bachelor’s of Arts - History and Economics, Middlebury College

Business Experience

- 2021-Present, Owner and Chief Compliance Officer at Differential Planning LLC
- 2016-2021, Senior Investment Analyst - Corporate Credit at Great West Investments
- 2014-2016, Investment Analyst - Corporate Credit at Great West Financial
- 2012-2014, Investment Analyst - Fixed Income at Payden & Rygel

Professional Designations, Licensing & Exams

Tucker Johnson is a Chartered Financial Analyst. According to the CFA Institute: “The Chartered Financial Analyst® (CFA) credential is the professional standard of choice for thousands of investment firms worldwide. When hiring firms demand investment professionals with real-world analytical skills, technical competence, and the highest ethical and professional standards, they often require the CFA credential.” More information can be found at <https://www.cfainstitute.org/en>.

Item 3: Disciplinary Information

DP and its management personnel have not been involved in legal/disciplinary matters linked to criminal/civil actions, or administrative/self-regulatory organization enforcement proceedings.

Item 4: Other Business Activities

Tucker Johnson is not involved with outside business activities.

Item 5: Additional Compensation

Tucker Johnson does not receive any economic benefit from any person, company, or organization, in exchange for providing clients advisory services through DP.

Item 6: Supervision

Tucker Johnson, Financial Adviser and Chief Compliance Officer, adheres to the firm’s policies and procedures. He may be contacted at the phone in this Brochure supplement.

Item 7: Requirements for State-Registered Advisers

Tucker Johnson has NOT been involved in an arbitration, civil proceeding, self-regulatory proceeding, administrative proceeding, or a bankruptcy petition.