



## January 22, 2017 USPS® Price Increase - See How It Will Impact Your Budget

Postal rates are supposed to be tied to the Consumer Price Index, which today is running 1-2%. Although the overall increase may be in this range, we found that certain rates went down while others went up dramatically. Also, this rule does not impact what the USPS® considers “Competitive” shipping services where they have more flexibility to increase rates.

For the past 18 years, I have been creating comparison charts for our clients that go over the changes in rates to show how it will affect budgets. The reason that I do this is that when the USPS talks about a 1-2% increase, this is overall. Based on the type of mail you do, the increase could be higher or lower. You need to look at the class, weight, zone, density and special services required to see the true impact. Also, when you look at the new rate charts provided by the USPS, they typically will not show the level of detail needed (Previous and new rates, side by side) to see these differences.

The remainder of this article will look at the main classes of mail and break down the specific increases and decreases. Hopefully this will help you budget by seeing the impact the most common services that you use today.

### First-Class Mail® Single piece - 1.1% Decrease to 9% Increase

First-Class Mail® Retail									
	Letters			Flats			Parcels		
Weight Ounces	Prior to 01/22/17	New Rates 01/22/17	% Increase	Prior to 01/22/17	New Rates 01/22/17	% Increase	Prior to 01/22/17	New Rates 01/22/17	% Increase
1	\$0.47	\$0.49	4.3%	\$0.94	\$0.98	4.3%	\$2.45	\$2.67	9.0%
2	\$0.68	\$0.70	2.9%	\$1.15	\$1.19	3.5%	\$2.45	\$2.67	9.0%
3	\$0.89	\$0.91	2.2%	\$1.36	\$1.40	2.9%	\$2.45	\$2.67	9.0%
6	N/A	N/A		\$1.99	\$2.03	2.0%	\$3.02	\$3.03	0.3%
13	N/A	N/A		\$3.46	\$3.50	1.2%	\$4.35	\$4.29	-1.4%
Post Card	\$0.34	\$0.34	0.0%						

Metered Letters			
	Letters		
Weight Ounces	Prior to 01/22/17	New Rates 01/22/17	% Increase
1	\$0.465	\$0.460	-1.1%
2	\$0.675	\$0.670	-0.7%
3	\$0.885	\$0.880	-0.6%





The price of a stamp is going from \$0.47 to \$0.49 which is a 4.3% increase. They did not increase the additional ounce rate so the percentage change gets smaller as items get larger. This is compared to metered letters which will have a price reduction from \$0.465 down to \$0.46. This is the most significant savings ever offered in the US mailing industry because it means that by using a postage meter or PC postage, you will save \$0.03 per piece or 6.1%. Most discounts are tied to doing more work such as barcoding or sorting, where this is an automatic savings for just using a system to print postage that costs as little as \$20 per month.

Other interesting items in this category are the rates for Flats went up to \$0.98 which is believed to be so retail customers could use 2 stamps to pay the full amount of postage. Also, lightweight Parcels went up by 9% because of the growth in shipping and lack of competition for light weight items.

### First-Class Mail® Commercial - 0.8% Decrease to 9% Increase

Commercial First-Class Mail®										
		Letters			Flats*			Post Cards		
	Weight Ounces	Prior to 01/22/17	New Rates 01/22/17	% Increase	Prior to 01/22/17	New Rates 01/22/17	% Increase	Prior to 01/22/17	New Rates 01/22/17	% Increase
Automation 5 Digit	1	\$0.376	\$0.373	-0.8%	\$0.438	\$0.446	1.8%	\$0.250	\$0.253	1.2%
Automation 3 Digit					\$0.630	\$0.630	0.0%			
Automation AADC	1	\$0.399	\$0.403	1.0%	\$0.670	\$0.670	0.0%	\$0.263	\$0.266	1.1%
Automation Mixed AADC	1	\$0.419	\$0.423	1.0%	\$0.750	\$0.750	0.0%	\$0.272	\$0.274	0.7%
Presorted (Non Automation)	1	\$0.452	\$0.453	0.2%	\$0.798	\$0.798	0.0%	\$0.283	\$0.284	0.4%

Rates stayed relatively flat in this category with slight changes based on sort levels. Mailers will see extra discounts at the 5-digit category and it may mean it's time to renegotiate rates with your presort service as they're getting a larger share of the savings. Full Service IMb customers will still be entitled to the additional \$.003 savings. They eliminated the 3-digit sort level for Letters and Post Cards which makes sense because the rates were the same as the AADC category and it will be simpler for mailers to prepare trays.

The biggest change in this category is increasing the weight limit for the Letter rates from 2 to 3.5 ounces. A few years back the USPS initiated a plan called "Second ounce rides free". The goal was to increase the value of the mail piece allowing customers to add additional content at the same price. They have now increased this limit to 3.5 ounces which means that there is an incredible amount of material that can now be put into the envelope at no additional postage cost.





First-Class Mail® Letter Options									
Weight Ounces	Retail (Stamps)			Metered			Commercial (Automation)		
	Prior to 01/22/17	New Rates 01/22/17		Prior to 01/22/17	New Rates 01/22/17	Savings over Retail	Prior to 01/22/17	New Rates 01/22/17	Savings over Metered
1	\$0.47	\$0.49		\$0.465	\$0.46	6.1%	\$.376-.419	\$.373-.423	8-19%
2	\$0.68	\$0.70		\$0.675	\$0.67	4.3%	.376-.419	\$.373-.423	37-44%
3	\$0.89	\$0.91		\$0.885	\$0.88	3.3%	\$.626-.669	<b>\$.373-.423</b>	<b>52-58%</b>
3.5	\$1.10	\$1.12		\$1.095	\$1.09	2.7%	\$.751-.794	<b>\$.373-.423</b>	<b>61-66%</b>

When you look at the chart above and compare the rates of a 3-ounce Metered Letter at \$0.88 to a Commercial rate at \$0.373 it is a 58% savings! This is going to be a big win for presort services that will now become more valuable because of the savings they can provide. Also, for flats (9x12 or 10x13) consider folding those into 6x9 envelopes. The savings can be significant with these new rates and weight savings. A 3 ounce flat at \$1.40 now could cost only \$0.373 assuming it could be automated through in-house software or presort services.

### Marketing Mail® (Formerly called Standard Mail) – 4.3% Decrease to 3% Increase

Marketing Mail®							
	Weight Ounces	Letters			Flats		
		Prior to 01/22/17	New Rates 01/22/17	% Increase	Prior to 01/22/17	New Rates 01/22/17	% Increase
Automation 5 Digit	≤3.5	\$0.255	\$0.251	-1.6%	\$0.376	\$0.387	2.9%
Automation 3 Digit					\$0.467	\$0.478	2.4%
Automation AADC/ADC	≤3.5	\$0.274	\$0.271	-1.1%	\$0.522	\$0.533	2.1%
Automation Mixed AADC/ADC-Orig	≤3.5	\$0.291	\$0.288	-1.0%	\$0.539	\$0.550	2.0%

  

Marketing Mail® Nonprofit							
	Weight Ounces	Letters			Flats		
		Prior to 01/22/17	New Rates 01/22/17	% Increase	Prior to 01/22/17	New Rates 01/22/17	% Increase
Automation 5 Digit	≤3.5	\$0.140	\$0.134	-4.3%	\$0.237	\$0.244	3.0%
Automation 3 Digit					\$0.328	\$0.335	2.1%
Automation AADC/ADC	≤3.5	\$0.159	\$0.154	-3.1%	\$0.383	\$0.390	1.8%
Automation Mixed AADC/ADC-Orig	≤3.5	\$0.176	\$0.171	-2.8%	\$0.400	\$0.407	1.7%

Customers who are sending Marketing Mail® Letters will be happy to see a decrease in price while Flats are seeing small increases. Here are the other notable changes:

- The USPS has eliminated the 3-Digit sort level for Letters which will hopefully make preparation easier.
- Letter weight limit has increased from 3.3 to 3.5 ounces before per pound rates are required.





- Flats have also increased the weight break from 3.3 to 4 ounces prior to pound rates being calculated.

## Priority Mail® – 19% Decrease to 62% Increase (Depending on Weight and Zone)

USPS Priority Mail®									
Weight LB's	Retail			Commercial Base			Commercial Plus		
	Prior to 01/22/17	New Rates 01/22/17	% Increase	Prior to 01/22/17	New Rates 01/22/17	% Increase	Prior to 01/22/17	New Rates 01/22/17	% Increase
1	\$6.45-10.00	\$6.65-10.50	3-6%	\$5.75-9.76	\$5.95-9.89	1-9%	\$5.60-9.47	\$5.75-9.59	1-9%
5	\$9.85-30.25	\$9.85-30.25	(-17)-0%	\$7.39-28.30	\$7.17-28.72	(-3)-3%	\$7.17-27.45	\$6.96-27.86	(-3)-3%
10	\$12.65-52.10	\$12.65-52.10	0-23%	\$8.69-49.43	\$9.09-50.17	1-23%	\$8.43-47.94	\$8.82-48.66	2-23%
25	\$22.55-99.10	\$22.55-92.10	0.0%	\$17.76-89.43	\$18.11-90.77	2-20%	\$17.23-86.74	\$17.56-88.04	1-10%
50	\$32.55-156.95	\$32.55-156.95	0.0%	\$25.96-141.59	\$26.74-143.71	1-3%	\$25.18-137.34	\$25.94-139.40	1-3%
Flat Rate Envelope	\$6.45	\$6.65	3.1%	\$5.75	\$5.95	3.5%	\$5.60	\$5.95	6.3%
Legal Flat Rate Envelope	\$6.45	\$6.95	7.8%	\$5.75	\$6.25	8.7%	\$5.60	\$6.25	11.6%
Padded Flat Rate Envelope	\$6.80	\$7.20	5.9%	\$6.10	\$6.50	6.6%	\$5.90	\$6.50	10.2%
Small Flat Rate Box	\$6.80	\$7.15	5.1%	\$6.10	\$6.45	5.7%	\$5.90	\$6.45	9.3%
Medium Flat Rate Boxes	\$13.45	\$13.60	1.1%	\$11.95	\$12.40	3.8%	\$11.60	\$12.40	6.9%
Large Flat Rate Boxes	\$18.75	\$18.85	0.5%	\$16.35	\$17.05	4.3%	\$15.85	\$17.05	7.6%

Priority Mail® is the most popular package service for the USPS which covers items weighing 13 ounces to 70LB's and delivers in 1-3 days throughout the US. The rates are based on the weight and 9 zones which are determined by the distance you are shipping the item. They also have three different rate categories based on the type of customer.

- **Retail** – Rates that you get at the counter at the Post Office or through a Postage Meter.
- **Commercial Base** – Customers that use an approved PC Postage solution get significant discounts over Retail rates as an incentive to streamline the way packages are labeled, barcoded and data is transmitted.
- **Commercial Plus** – Customers that ship over 50,000 items per year can get additional discounts with an agreement with the USPS.

### Highlights

- Flat rate envelopes and boxes are all seeing significant increases.
- Small to no increases to most weights and zones except for 15-32 pound items going in zone 1-4 which are increasing by as much as 62%.





- If you are running your Priority Mail® items at Retail rates using Click-N-Ship® or a postage meter, consider switching to a PC Postage solution that utilizes Commercial rates which saves 15% overall and ranges from 3-39% based on weight and zone.
- If you do over 50,000 Priority Mail® items per year combined throughout your locations, contact the USPS about qualifying for Plus rates saving an additional 3%.

### Priority Mail® Express – 1 to 7% Increase (Depending on Weight and Zone)

USPS Priority Mail® Express									
Weight LB's	Retail			Commercial Base			Commercial Plus		
	Prior to 01/22/17	New Rates 01/22/17	% Increase	Prior to 01/22/17	New Rates 01/22/17	% Increase	Prior to 01/22/17	New Rates 01/22/17	% Increase
1	\$22.95-44.65	\$23.75-46.20	3-4%	\$20.66-40.19	\$21.18-41.19	2-3%	\$20.66-40.19	\$21.18-41.19	2-3%
5	\$24-70.20	\$24.95-74.45	4-6%	\$21.60-63.18	\$22.14-64.76	2-3%	\$21.60-63.18	\$22.14-64.76	2-3%
10	\$36.15-103.50	\$37.60-109.80	4-6%	\$32.54-93.15	\$33.35-95.48	2-3%	\$32.54-93.15	\$33.35-95.48	2-3%
25	\$65.95-180.25	\$67.25-183.85	2.0%	\$59.36-162.23	\$59.95-163.85	1.0%	\$59.36-162.23	\$59.95-163.85	1.0%
50	\$116.85-333.35	\$119.20-340.00	2.0%	\$105.17-300.00	\$106.22-303.02	1.0%	\$105.17-300.00	\$106.22-303.02	1.0%
Flat Rate Envelope	\$22.95	\$23.75	3.5%	\$20.66	\$21.18	2.5%	\$20.66	\$21.18	2.5%
Legal Flat Rate Envelope	\$22.95	\$23.95	4.4%	\$20.66	\$21.28	3.0%	\$20.66	\$21.28	3.0%
Padded Flat Rate Envelope	\$22.95	\$24.45	6.5%	\$20.66	\$21.64	4.7%	\$20.66	\$21.64	4.7%

Priority Mail® Express rates have increased slightly across all categories. Here are the highlights:

- Retail rates increased 3% overall but 5% for Flat Rate and less than 10LB items.
- Commercial rates increased 1% overall but 3% for Flat Rate and less than 10LB items.
- Plus discounts have been eliminated and rates are the same as Commercial Base.

### First-Class Mail® Package Service - 0.4 to 17.8% Increase

First-Class® Package Service			
Weight Ounces	Letters		
	Prior to 01/22/17	New Rates 01/22/17	% Increase
Up to 4	\$2.60	\$2.61	0.4%
4-8	\$2.60	\$2.77	6.5%
10	\$3.35	\$3.46	3.3%
12	\$3.45	\$3.74	8.4%
14	\$3.55	\$4.02	13.2%
15.99	\$3.65	\$4.30	17.8%





In the less than 1LB market, the USPS has a complete monopoly and you can see that they are rethinking why they are providing some of the discounts in this segment. The private carrier rates all start at 1LB where the USPS goes to the ounce. Think about the companies sending light parts that can be sent for around \$3 with the USPS vs. the private carriers that could be 2-3 times that amount. We are seeing the greatest increase as items get heavier with 15.99 ounce prices going up 17.8%.

### Additional Rate Change Items

First-Class Mail International®									
	1 Ounce			2 Ounce			Post Cards		
Group	Prior to 01/22/17	New Rates 01/22/17	% Increase	Prior to 01/22/17	New Rates 01/22/17	% Increase	Prior to 01/22/17	New Rates 01/22/17	% Increase
Canada	\$1.15	\$1.15	0.0%	\$1.15	\$1.15	0.0%	\$1.15	\$1.15	0.0%
Mexico (Group 2)	\$1.15	\$1.15	0.0%	\$1.72	\$1.72	0.0%	\$1.15	\$1.15	0.0%
Group 3-5	\$1.15	\$1.15	0.0%	\$2.13	\$2.13	0.0%	\$1.15	\$1.15	0.0%
Group 6-9	\$1.15	\$1.15		\$1.98	\$1.98	0.0%	\$1.15	\$1.15	0.0%

Library Mail									
	Single Piece			5-Digit Presort			Basic Presort		
Weight LB's	Prior to 01/22/17	New Rates 01/22/17	% Increase	Prior to 01/22/17	New Rates 01/22/17	% Increase	Prior to 01/22/17	New Rates 01/22/17	% Increase
1	\$2.48	\$2.50	0.8%	\$1.70	\$1.73	1.8%	\$2.24	\$2.38	6.2%
2	\$2.94	\$2.97	1.0%	\$2.16	\$2.20	1.9%	\$2.70	\$2.85	5.6%
5	\$4.32	\$4.38	1.4%	\$3.54	\$3.61	2.0%	\$4.08	\$4.26	4.4%
10	\$6.62	\$6.70	1.2%	\$5.84	\$5.93	1.5%	\$6.38	\$6.58	3.1%

Media Mail									
	Single Piece			5-Digit Presort			Basic Presort		
Weight LB's	Prior to 01/22/17	New Rates 01/22/17	% Increase	Prior to 01/22/17	New Rates 01/22/17	% Increase	Prior to 01/22/17	New Rates 01/22/17	% Increase
1	\$2.61	\$2.63	0.8%	\$1.79	\$1.82	1.7%	\$2.36	\$2.51	6.4%
2	\$3.09	\$3.12	1.0%	\$2.27	\$2.31	1.8%	\$2.84	\$3.00	5.6%
5	\$4.53	\$4.59	1.3%	\$3.71	\$3.78	1.9%	\$4.28	\$4.47	4.4%
10	\$6.93	\$7.01	1.2%	\$6.11	\$6.20	1.5%	\$6.68	\$6.89	3.1%

Special Services	Retail	Electronic
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	Prior to 01/22/17	New Rates 01/22/17	% Increase	Prior to 01/22/17	New Rates 01/22/17	% Increase
<b>Certificate of Mailing</b>	\$1.30	\$1.35	<b>3.8%</b>			
<b>Registered™ without Insurance</b>	\$11.70	\$11.70	<b>0.0%</b>			
<b>Certified Mail™</b>	\$3.30	\$3.35	<b>1.5%</b>			
<b>Return Receipt</b>	\$2.70	\$2.75	<b>1.9%</b>	\$1.35	\$1.45	<b>7.4%</b>
<b>USPS Tracking</b>						
First-Class™ Package Svcs parcels	\$0.00	\$0.00	<b>0.0%</b>	\$0.00	\$0.00	<b>0%</b>
Marketing Mail® parcels				\$0.35	\$0.37	<b>5.7%</b>
Priority Mail®	\$0.00	\$0.00	<b>0.0%</b>	\$0.00	\$0.00	<b>0%</b>
<b>Signature Confirmation</b>	\$2.90	\$2.90	<b>0.0%</b>	\$2.35	\$2.45	<b>4.3%</b>

## Conclusion

To budget for this increase, you need to look at the type of items you are sending and the weight and zones that are most common to truly estimate the impact. The good news is that for most mailers this will be a very small impact to your budget with opportunities for savings if you can take advantage of some of the new discounts offered.

**Adam Lewenberg**, CMDSS, MDC, President of [Postal Advocate Inc.](http://PostalAdvocate.com), runs the largest Mail Audit and Recovery firm in the United States and Canada. They manage the largest mail equipment fleet in the world and their mission is to help organizations with multi-locations reduce mail related expenses, recover lost postage funds, and simplify visibility and oversight. Since 2013, they have helped their clients save an average of 60% and over \$26 million on equipment, fee and lost postage. He can be reached at (617)372-6853 or [adam.lewenberg@postaladvocate.com](mailto:adam.lewenberg@postaladvocate.com).

