

Navigating the January 18, 2026 USPS® Increase

There is one thing to count on every year and that is postal and shipping rate increases. On January 18, 2026, USPS® is raising prices, and the good news is that most mail categories will not have an increase until the next rate change expected in July. What is changing are the “Competitive” classes which basically means services that compete with UPS® and FedEx®. In this article, we will go over the details so you can properly plan and budget for the changes, as well as ways to save money by optimizing your carrier services.

Every January, UPS® and FedEx® have a rate increase, and this year amounted to 5.9%. USPS® has an easy justification to increase their rates at the same time. What is also interesting is that all these carriers had holiday surge pricing starting in October. The January increase seems like a continuation of those rates throughout the entire year until the next holiday price surge.

USPS® Increases

We went through the major rate structures that are changing and included the average % increase. Keep in mind that there are two main categories:

- Retail – Processed through a postage meter or at the retail counter at the Post Office.
- Commercial – Processed through a shipping tool that can generate 4 x6 shipping labels and transmit the transactions to the USPS.

We can see from the chart below that Commercial is having slightly higher increases but still offers significant savings over the retail category (highlighted in yellow).

We also see that International package rates are also having similar rate hikes.

USPS Priority Mail®			
Average % Increase	Retail	Commercial Base	Commercial Savings over Retail
Flat Rate	8%	6%	12%
1-5LB	4%	7%	14%
6-10LB	4%	4%	17%
11-25LB	4%	4%	21%
Over 25LB	5%	6%	12%
USPS Priority Mail® Express			
Average % Increase	Retail	Commercial Base	Commercial Savings over Retail
Flat Rate	6%	6%	14%
1-5LB	3%	6%	12%
6-10LB	3%	6%	13%
11-25LB	3%	6%	10%
Over 25LB	3%	6%	9%
USPS Ground Advantage™			
Average % Increase	Retail	Commercial Base	Commercial Savings over Retail
<1LB	5%	13%	32%
1-5LB	5%	6%	25%
6-10LB	6%	5%	28%
11-25LB	6%	5%	31%
Over 25LB	6%	6%	14%

USPS Priority Mail®	
Average % Increase	Retail
Flat Rate	6%
1-5LB	6%
6-10LB	6%
USPS Priority Mail® Express	
Average % Increase	Retail
Flat Rate	13%
1-5LB	5%
6-10LB	5%
First-Class® Package	
Average % Increase	Retail
<1LB	10%
1-4LB	5%

Saving Strategies

Compare Prices with and Without USPS Provided Flat Rate Packaging

The USPS has two ways of calculating prices. One by weight and zip code (Zone), and the other by using their Flat Rate envelopes and boxes. As you can see from the chart below, local items going less than 600 miles (Zone 4) are often less expensive using your own packaging vs. items going farther do better with the Flat Rate options.

	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8	Zone 9
Flat Rate Envelope	\$10.30	\$10.30	\$10.30	\$10.30	\$10.30	\$10.30	\$10.30	\$10.30	\$10.30
1LB	\$8.37	\$8.63	\$8.99	\$9.63	\$12.01	\$13.40	\$13.96	\$14.09	\$30.07
% Savings	-23%	-19%	-15%	-7%	14%	23%	26%	27%	66%
Small Flat Rate Box	\$11.20	\$11.20	\$11.20	\$11.20	\$11.20	\$11.20	\$11.20	\$11.20	\$11.20
2LB	\$8.43	\$8.69	\$9.06	\$9.99	\$12.19	\$14.20	\$15.10	\$15.16	\$32.35
% Savings	-33%	-29%	-24%	-12%	8%	21%	26%	26%	65%
Medium Flat Rate Boxes	\$19.60	\$19.60	\$19.60	\$19.60	\$19.60	\$19.60	\$19.60	\$19.60	\$19.60
10LB	\$13.43	\$13.55	\$15.43	\$18.17	\$25.72	\$31.24	\$35.71	\$38.22	\$81.57
% Savings	-46%	-45%	-27%	-8%	24%	37%	45%	49%	76%
Large Flat Rate Boxes	\$28.70	\$28.70	\$28.70	\$28.70	\$28.70	\$28.70	\$28.70	\$28.70	\$28.70
20LB	\$19.04	\$19.16	\$21.80	\$26.19	\$41.49	\$49.09	\$58.18	\$63.02	\$134.49
% Savings	-51%	-50%	-32%	-10%	31%	42%	51%	54%	79%

Rate Shop USPS against UPS and FedEx

Weight	Overnight	2 Day	3 Day	Ground	USPS Priority Mail®	USPS Ground Advantage™
Zone 2 - Local within 250 miles (Delivery Time Days)	1	2	3	1	1-2	2-5
0.5 LB Ltr	\$30.00	\$23.00	\$15.00	\$13.00	\$8.63	\$5.58
1 LB	\$34.00	\$24.00	\$15.00	\$13.00	\$8.63	\$6.43
Zone 4 - Half way across country (Delivery Time Days)	1	2	3	2-3	2-3	2-5
0.5 LB Ltr	\$45.00	\$25.00	\$18.00	\$15.00	\$9.63	\$5.83
1 LB	\$63.00	\$25.00	\$18.00	\$15.00	\$9.63	\$6.91
Zone 8 - Coast to Coast	1	2	3	2-3	2-3	2-3
0.5 LB Ltr	\$56.00	\$38.00	\$33.00	\$18.00	\$14.09	\$6.24
1 LB	\$86.00	\$38.00	\$33.00	\$18.00	\$14.09	\$7.78
Other Charges						
Fuel Surcharge	20%	20%	20%	21%	0%	0%
Residential Fee	\$7.00	\$7.00	\$7.00	\$6.50	\$0	\$0
Delivery Area Surcharges	\$4.50-8.85	\$4.50-8.85	\$4.50-8.85	\$4.50-8.85	\$0	\$0
Address Correction Fee	\$25.25	\$25.25	\$25.25	\$25.25	\$0	\$0
Discounts	Varies by Client	Varies by Client	Varies by Client	Varies by Client		
Minimum Service Fees	Varies by Client	Varies by Client	Varies by Client	Varies by Client		
Dimensional Rates	All Items L*W*H/139	All Items L*W*H/139	All Items L*W*H/139	All Items L*W*H/139	Only items over 12X12X12, L*W*H/166	Only items over 12X12X12, L*W*H/166

The chart above shows the rate comparison for the different service options for all three carriers. Most clients think they are getting the best rates with UPS or FedEx due to their negotiated agreements, but there are other fees that must be considered. The USPS does not charge for the specific fees below that can make the private carriers significantly more expensive.

- **Fuel Surcharges** – Every private carrier package gets charged this fee which is now billing at 20-21% of package costs.
- **Residential Fees** – With so many packages sent to homes, this \$7 fee can be one of the biggest reasons to move to USPS.

- **Delivery Area Surcharges** – 61% of all zip codes in the US are charged this fee that can be as high as \$8.85 per package.
- **Address Corrections** – At \$25.25 per item, these need to be looked at carefully and addresses updated in your system once seen on a bill.
- **Minimum Service Fees** – While UPS and FedEx will offer huge discounts, they will have a floor price that they will not let you go below. This means that your lighter weight items will not get the full discount, potentially making USPS more attractive.
- **Dimensional Rates** – The size of the box matters a lot when it comes to shipping rates because all the carriers (Including the USPS) will calculate the weight based on the dimensions. The big difference is that UPS and FedEx will use this calculation for all box sizes vs. the USPS that only will for items over a cubic foot. For customers using specific online tools, they can get additional USPS discounts for items under a cubic foot as well.

Most clients are using free carrier provided shipping tools (UPS CampusShip®, UPS.com, FedEx.com) that make it difficult to make these comparisons. They will not have USPS rates, and the Ground comparison are typically not displayed next to their air counterparts, making it difficult to see these as an option. We recommend having multi-carrier shipping tools that can display the rates for all options on one screen to make it easy for your users to make the best shipping decisions. We find this type of rate shopping can reduce costs in the 4-12% range and can help offset the annual increases in carrier rates.

Summary

The new USPS rates go into effect on January 18, 2026, and you should budget 4-8% increases on your Priority Mail®, Priority Mail® Express and Ground Advantage™ spends. There are great options to reduce costs in these categories including moving from Retail to Commercial Rates, Comparing Flat Rate vs. your own packaging, and rate shopping against UPS and FedEx.

Overall, we got lucky with this rate increase that it was just the Competitive segment, and we will provide details in May of the much bigger increase that you can expect in July.

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