



# Postal Affairs Update

Presented May 15, 2025

# Agenda

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- July Rate Change, impacts to mailers and adjusting to the changes
- USPS Network and Service Standards
- USPS Promotions & Incentives - 2025 & 2026
- USPS Oversight – What's happening with the PMG, PRC, BOG
- Wrap Up

# July Rate Change

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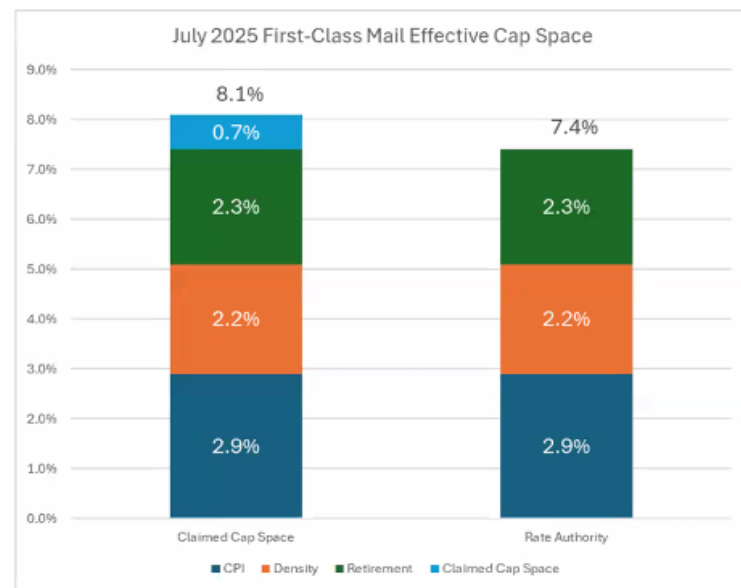
- Rate Change Sunday July 13<sup>th</sup>
- Two Sets of Rates because of BPM Proposal – Should know by May 30<sup>th</sup>
- Higher than forecasted Postage Increases due to moneys provided back to Mailers via USPS Promotions and the Volume Incentive
- Elimination of DNDC Rates
- Disincentivizing SCF Drop Ship Discounts (DSCF Rates)

## First-Class Mail Base Postage vs. All-In Postage

Product	% Price Change Base Postage	% Price Change All-In Postage*
Single-Piece Letters & Cards	7.0%	7.0%
Presorted Letters & Cards	8.7%	7.6%
Flats	7.7%	7.3%
First-Class Mail International	6.1%	6.1%
<b>Total</b>	<b>8.1%</b>	<b>7.4%</b>

- All-in postage includes discounts, incentives, promotions and credits
- \$157M in Mail Growth Incentive issued credits are reflected in the All-in postage

\*All-In: Full-Service, Seamless, SCF Pallet, Promotions, Mail Growth Incentive



First Class - Retail Letters & Cards	
Weight Not Over (Ounces)	Single Machinable Piece Stamp
1.0	6.8%
2.0	5.9%
3.0	5.4%
3.5	5.1%
Postcard	10.7%

First Class - Retail Letters & Cards	
Weight Not Over (Ounces)	Single Machinable Piece Stamp
1.0	\$0.050
2.0	\$0.060
3.0	\$0.070
3.5	\$0.080
Postcard	\$0.060

July 2025 Rates	
First Class - Retail Letters & Cards	
Weight Not Over (Ounces)	Single Machinable Piece Stamp
1.0	<b>0.78</b>
2.0	<b>1.07</b>
3.0	<b>1.36</b>
3.5	<b>1.65</b>
Postcard	<b>0.62</b>

First Class - Letters & Cards								
Weight Not Over (Ounces)	Automation			Nonautomation Machinable		Nonautomation Nonmachinable		
	5-Digit	AADC	Mixed AADC	Mixed AADC	AADC	Mixed ADC	3-Digit	5-Digit
1.0	9%	8%	8%	8%	8%	5%	3%	2%
2.0	9%	8%	8%	8%	8%	5%	3%	2%
3.0	9%	8%	8%	8%	8%	5%	3%	2%
3.5	9%	8%	8%	8%	8%	5%	3%	2%
Postcard	10%	10%	11%					

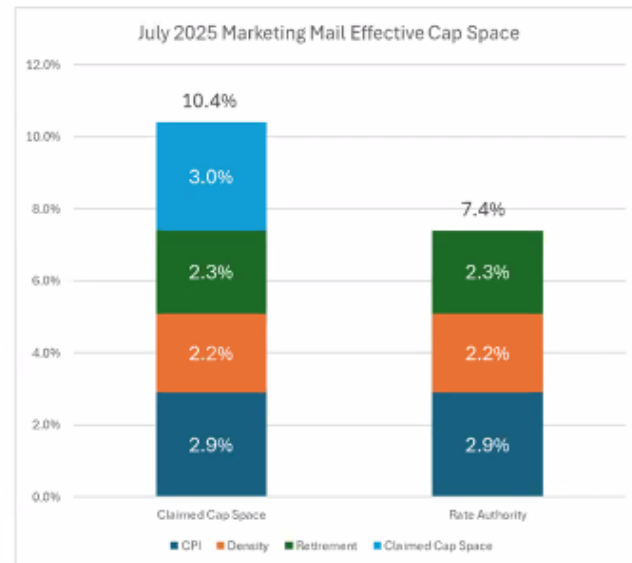
First Class - Letters & Cards								
Weight Not Over (Ounces)	Automation			Nonautomation Machinable		Nonautomation Nonmachinable		
	5-Digit	AADC	Mixed AADC	Mixed AADC	AADC	Mixed ADC	3-Digit	5-Digit
1.0	\$0.048	\$0.048	\$0.050	\$0.050	\$0.048	\$0.056	\$0.031	\$0.015
2.0	\$0.048	\$0.048	\$0.050	\$0.050	\$0.048	\$0.056	\$0.031	\$0.015
3.0	\$0.048	\$0.048	\$0.050	\$0.050	\$0.048	\$0.056	\$0.031	\$0.015
3.5	\$0.048	\$0.048	\$0.050	\$0.050	\$0.048	\$0.056	\$0.031	\$0.015
Postcard	\$0.038	\$0.041	\$0.045	-	-	-	-	-

Mail Class	Period	Status	Rate	Predictive % increase	Est % increase over current	Est FINAL or AVG Rate	Variance over current rate
Single-piece 1st Class Letter	July 2024	current	\$0.73				
	July 2025	estimated	\$0.79	8.00%	6.85%	\$0.78	\$0.050
Presorted 1st Class Letter (16,000)	July 2024	current	\$0.601				
	July 2025	estimated	\$0.650	8.00%	8.14%	\$0.650	\$0.049

2nd 5 cent  
Increase since  
Jan '19

# Marketing Mail Base Postage vs. All-In Postage

Product	Price % Change Base Postage	Price % Change All-In Postage*
Letters	10.9%	8.5%
Saturation/HD Letters	9.1%	5.7%
Flats	13.3%	9.6%
Carrier Route	6.1%	-1.1%
Saturation/HD Flats	9.6%	6.8%
EDDM-Retail	10.8%	10.8%
Parcels	12.6%	12.2%
<b>Total</b>	<b>10.4%</b>	<b>7.4%</b>



- All-in postage includes discounts, incentives, promotions and credits
- \$348M in Mail Growth Incentive issued credits are reflected in the All-in postage

\*All-In: Full-Service, Seamless, SCF Pallet, Delivery Sort, Marriage Mail, Catalog Incentive, Promotions, Mail Growth Incentive



# Drop Ship Discounts in Marketing Mail

## Marketing Mail Letters

Entry Discount Level	Discount p/1000 pieces. Current	Discount p/1000 pieces. July 2025	Proposed Change	% of Change Proposed
DNDC	\$24	XXX	XXX	XXX
DSCF	\$27	\$17	-\$10	-37%

Marketing Mail - Non-Profit Letters				
Letters weighing 3.5 ounces or less (Per piece price)	Entry Discount	Automation		
		5-Digit	AADC	Mixed AADC
	None	3%	2%	4%
	<del>DNDC</del>	<del>-100%</del>	<del>-100%</del>	<del>-100%</del>
	DSCF	10.3%	8%	

Marketing Mail - Non-Profit Letters				
Letters weighing 3.5 ounces or less (Per piece price)	Entry Discount	Automation		
		5-Digit	AADC	Mixed AADC
	None	\$0.005	\$0.005	\$0.009
	<del>DNDC</del>	<del>\$(0.149)</del>	<del>\$(0.184)</del>	<del>\$(0.206)</del>
	DSCF	\$0.015	\$0.015	-

Mail Class	Period	Status	Rate	Predictive % increase	Est % increase over current	Est FINAL or AVG Rate	Variance over current rate	Notes
NP Letter (1,043,834)	July 2024	current	\$0.151					
	July 2025	estimated	\$0.169	11.16%	13.00%	\$0.171	\$0.020	33% of the volume was DNDC and now allocated to origin

# Drop Ship Discounts in Marketing Mail

## Marketing Mail Flats under 4oz

Entry Discount Level	Discount p/1000 pieces. Current	Discount p/1000 pieces. July 2025	Proposed Change	% of Change Proposed
DNDC	\$66	XXX	XXX	XXX
DSCF	\$70	\$38	-\$32	-45.7%
DDU	\$81	\$49	-\$36	-44.4%

## Marketing Mail Flats over 4oz.

Entry Discount Level	Discount p/100 pounds. Current	Discount p/100 pounds. July 2025	Proposed Change	% of Change Proposed
DNDC	\$44.80	XXX	XXX	XXX
DSCF	\$47.80	\$31.2	-\$16.6	-34.7%
DDU	\$55.10	\$40.3	-\$14.8	-26.8%

Marketing Mail - Non-Profit Flats					
Flats weighing 4.0 ounces or less (Per piece price)	Entry Discount	Automation			
		5-Digit	3-Digit	ADC	Mixed ADC
	None	11.53%	14.49%	13.47%	14.04%
	DNDC	<del>100.00%</del>	<del>100.00%</del>	<del>100.00%</del>	<del>100.00%</del>
	DSCF	22.05%	22.04%	19.70%	-
Marketing Mail - Non-Profit Flats					
Flats weighing 4.0 ounces or less (Per piece price)	Entry Discount	Automation			
		5-Digit	3-Digit	ADC	Mixed ADC
	None	\$0.052	\$0.091	\$0.099	\$0.113
	DNDC	<del>\$(0.385)</del>	<del>\$(0.562)</del>	<del>\$(0.669)</del>	<del>\$(0.739)</del>
	DSCF	\$0.084	\$0.123	\$0.131	-

Marketing Mail - Non-Profit Flats

Flats weighing Greater than 4.0 ounces (Per piece price)	Entry Discount	Automation			
		5-Digit	3-Digit	ADC	Mixed ADC
	None	\$0.131	\$0.170	\$0.178	\$0.192
	DND	<del>\$(0.240)</del>	<del>\$(0.417)</del>	<del>\$(0.524)</del>	<del>\$(0.594)</del>
	DSCF	\$0.131	\$0.170	\$0.178	-

Marketing Mail - Non-Profit Flats

Flats weighing Greater than 4.0 ounces (Per pound price)	Entry Discount	Automation			
		5-Digit	3-Digit	ADC	Mixed ADC
	None	\$(0.352)	\$(0.352)	\$(0.352)	\$(0.352)
	DND	<del>\$(0.594)</del>	<del>\$(0.594)</del>	<del>\$(0.594)</del>	<del>\$(0.594)</del>
	DSCF	\$(0.186)	\$(0.186)	\$(0.186)	-

Mail Class	Period	Status	Rate	Predictive % increase	Est % increase over current	Est FINAL or AVG Rate	Variance over current rate	Notes
NP FLAT 4 oz. or less (56,071)	July 2024	current	\$0.545					
	July 2025	estimated	\$0.620	13.60%	25.75%	\$ 0.686	\$ 0.140	82% of the volume was DNDC and now allocated to origin
NP FLAT OVER 4 oz. (349,988) (4.08 oz)	July 2024	current	\$0.390					
	July 2025	estimated	\$0.446	13.60%	24.88%	\$ 0.486	\$ 0.097	10% of the volume was DNDC and now allocated to origin
NP FLAT OVER 4 oz. (349,988) (6.25 oz)	July 2024	current	\$0.468					
	July 2025	estimated	\$0.535	13.60%	16.06%	\$ 0.543	\$ 0.075	10% of the volume was DNDC and now allocated to origin

# July Rate Change Mailer Impacts

## Org 1:

- Yearly mail volume: 29,000,000
- Postage increase expected: \$680,000
- Overall increase in postage of 11%

## Org 2:

- Yearly mail volume: 39,000,000
- Postage increase expected: \$805,000
- Overall increase in postage of 12%

## Org 3:


- Yearly mail volume: 45,000,000
- Postage increase expected: \$1,200,000
- Overall increase in postage of 12.5%

## Org 4:

- Yearly mail volume: 760,000
- Postage increase expected: \$16,500
- Overall increase in postage of 11%

## Org 5:

- Yearly mail volume: 191,000
- Postage increase expected: \$4,000
- Overall increase in postage of 11.5%



First Class Stamp - 0.04%
First Class Presort Letters – 8.6%
First Class Presort Flats – 0.1%
Nonprofit Letters – 87%
Nonprofit Flat under 4 oz – 3%
Stamped Reply Envelopes – 1%



# Potential results beyond postage prices increases for mailers

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- Mail delivery will take longer for mail that was drop shipping and now mail local origin (ex. Flat mail for mid size mailings that had been drop shipping to NDCs).
- Mailers will continue to struggle mailing Flat mail with the higher-than-average increases and look for letter mail solutions.
- Mailshops may find Drop Shipping is no longer a win for letter mail for all but large mail panels – this will shift volume to commingling.
- Decline in Stamped Reply Envelopes
- Actual increase impacts will vary significantly
- Mailshops and logistics solutions that are optimizing mail files for hybrid applications and offer digital commingling what is now separate mail panels into larger mail files may be sought after.

# Postage Rate Change Predictions

	Jan 26	July 26 Retirement Authority Eliminated	Jan 27	July 27
•First-Class Mail	1%	3.7%	1.3%	4.3%
•USPS Marketing Mail Letters	1%	3.7%	1.3%	4.3%
•Marketing Mail Flats •Periodicals, MM Parcels	3%	5.7%	3.3%	6.3%

\*Forecast doesn't include USPS revenue loss due to moneys associated with MGI rebates

Mail Class	Period	Notes	Cost PP	\$ increase since Jan 2021	% increase since Jan 2021
Single-piece 1st Class Letter	January 2021		\$0.550		
	July 2025	proposed	\$0.780	\$0.230	42%
	July 2027	estimated	\$0.788	\$0.238	59%
Presorted 1st Class Letter (16,000)	January 2021		\$0.435		
	July 2025	proposed	\$0.650	\$0.215	49%
	July 2027	estimated	\$0.727	\$0.292	67%
NonProfit Letter (1,043,834)	January 2021		\$0.121		
	July 2025	proposed	\$0.170	\$0.049	41%
	July 2027	estimated	\$0.190	\$0.069	58%
NonProfit FLAT 4 oz. or less (56,071)	January 2021		\$0.316		
	July 2025	proposed	\$0.686	\$0.369	117%
	July 2027	estimated	\$0.828	\$0.512	162%
NonProfit FLAT OVER 4 oz. (349,988) (4.08 oz)	January 2021		\$0.204		
	July 2025	proposed	\$0.486	\$0.282	138%
	July 2027	estimated	\$0.588	\$0.383	191%
NonProfit FLAT OVER 4 oz. (349,988) (6.25 oz)	January 2021		\$0.316		
	July 2025	proposed	\$0.543	\$0.227	93%
	July 2027	estimated	\$0.656	\$0.339	136%

# USPS Network Changes



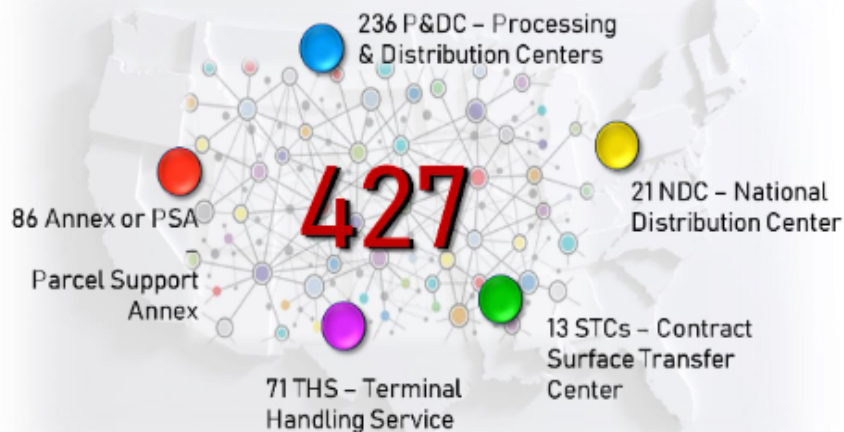
# USPS Network Evolution

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- Integrated mail and parcel supply chain vs mail only process, where previously separated
- NDC's being retired or transformed into Regional Processing & Distribution Centers (RPDC's)
- Growth in Package Services & 50% increase in transportation costs
- New standards will measure by 5D zips (04105 to 22182 as an example) vs 3D now
- Reorganizing the illogical facility network (427 facilities), all doing different things into:
  - RPDC's = Regional Processing & Distribution Center (e.g. enhanced NDC's)
  - LPC's = Local Processing Center (e.g. enhanced SCF's)
- Critical Entry Times (CET) - expected to slow down mail outside a 50mile radius of RPDCs (Apr 1)
- Service Bands – mail moving closer to RPDC hubs expected to speed up (Jul 1)

# Facility Types – Prior to Network Transformation

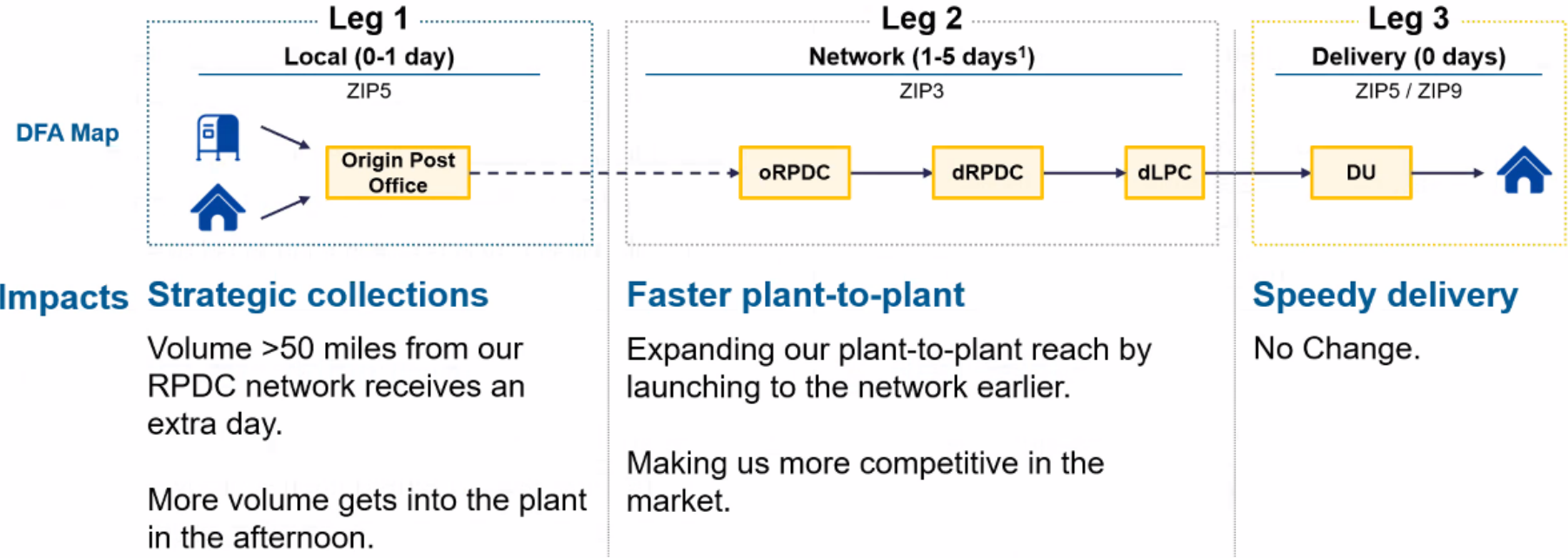
## Illogical Facility Network



## All Doing Different Things

	Cancellations	Originating Letters	Originating Priority	Originating SPS	Originating Bundles	Originating Rats	Destinating Letters	DPS	Destinating Priority	Destinating SPS (Many locations)	Destinating Bundles	Destinating Rats
ABILENE P&DC							X	X				
AKRON OH P&DC			X	X					X		X	X
ALBANY NY P&DC	X	X	X	X	X	X	X	X	X	X	X	X
ALBUQUERQUE NM ASF			X						X			
ALBUQUERQUE NM P&DC	X	X		X		X	X	X				X
ALTOONA PA P&DC							X	X	X			X
AMARILLO TX P&DC			X				X	X	X			
ANAHEIM CA P&DC			X	X						X	X	
ANCHORAGE AK P&DC	X		X	X		X	X	X	X		X	X
ANCHORAGE AMF							X					
ATLANTA GA P&DC		X	X	X				X	X	X	X	
ATLANTA NDC			X		X		X		X	X		
AUGUSTA GA P&DC						X		X				
AUSTIN ANNEX			X	X			X		X			
AUSTIN TX P&DC	X	X	X	X		X	X	X	X			
BAKERSFIELD CA P&DC			X	X			X	X	X			
BALT INC MAIL MD P&DC			X	X			X	X	X		X	X
BALTIMORE MD P&DC	X	X	X	X	X	X	X	X	X			
BATON ROUGE LA P&DC	X	X	X				X	X	X		X	
BEAUMONT P&DC				X				X				
BETHPAGE NY P&DC			X				X		X			
BILLINGS P&DC		X	X	X		X	X	X	X		X	
BIRMINGHAM AL P&DC	X	X	X	X			X	X	X			
BIRMINGHAM ANNEX			X			X	X		X		X	X
BISMARCK P&DC		X	X	X			X	X	X			
BOISE ID P&DC			X			X	X	X	X		X	
BOSTON MA P&DC	X	X	X	X		X	X	X	X	X		X
BRADLEY AMF				X			X					
BROOKTON MA P&DC	X	X		X		X	X	X	X	X	X	
BROOKLYN NY P&DC					X	X	X	X		X		X
BUFFALO NY P&DC	X	X				X		X	X			X
BURLINGTON VT P&DC		X		X			X	X	X			X
BUSSE IL P&DC			X	X	X		X		X			
CAPE GIRARDEAU				X			X	X				
CAROL STREAM IL P&DC	X	X		X		X		X	X		X	
CASPER MPF							X	X				
CEDAR RAPIDS ANNEX			X	X			X		X			

# Shift to 5-digit enables service standards for the mail across all three legs



1. Destinating entry Presort First Class has an overnight standard; no change in service standard for destination entry

## Expanding Leg 2 – Expanding our reach



Origin plant



Destinating plant

### 2-Day

3-hour band    7-hour band

*Ex: Plants 5 hours apart  
now have 2-Day service  
instead of 3-Day*



**Standard Today:** 2-Day  $\leq$  3 hours  
**Standard Future:** 2-Day  $\leq$  7 hours

Expand band by 133%

### 3-Day

20-hour band    24-hour band

*Ex: Plants 22 hours  
apart now have 3-Day  
service instead of 4-Day*



**Standard Today:** 3-Day  $\leq$  20 hours  
**Standard Future:** 3-Day  $\leq$  24 hours

Expand band by 20%

### 4-Day

41-hour band    45-hour band

*Ex: Plants 43 hours  
apart now have 4-Day  
service instead of 5-Day*



**Standard Today:** 4-Day  $\leq$  41 hours  
**Standard Future:** 4-Day  $\leq$  45 hours

Expand band by 10%



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# USPS Promotions & Incentives

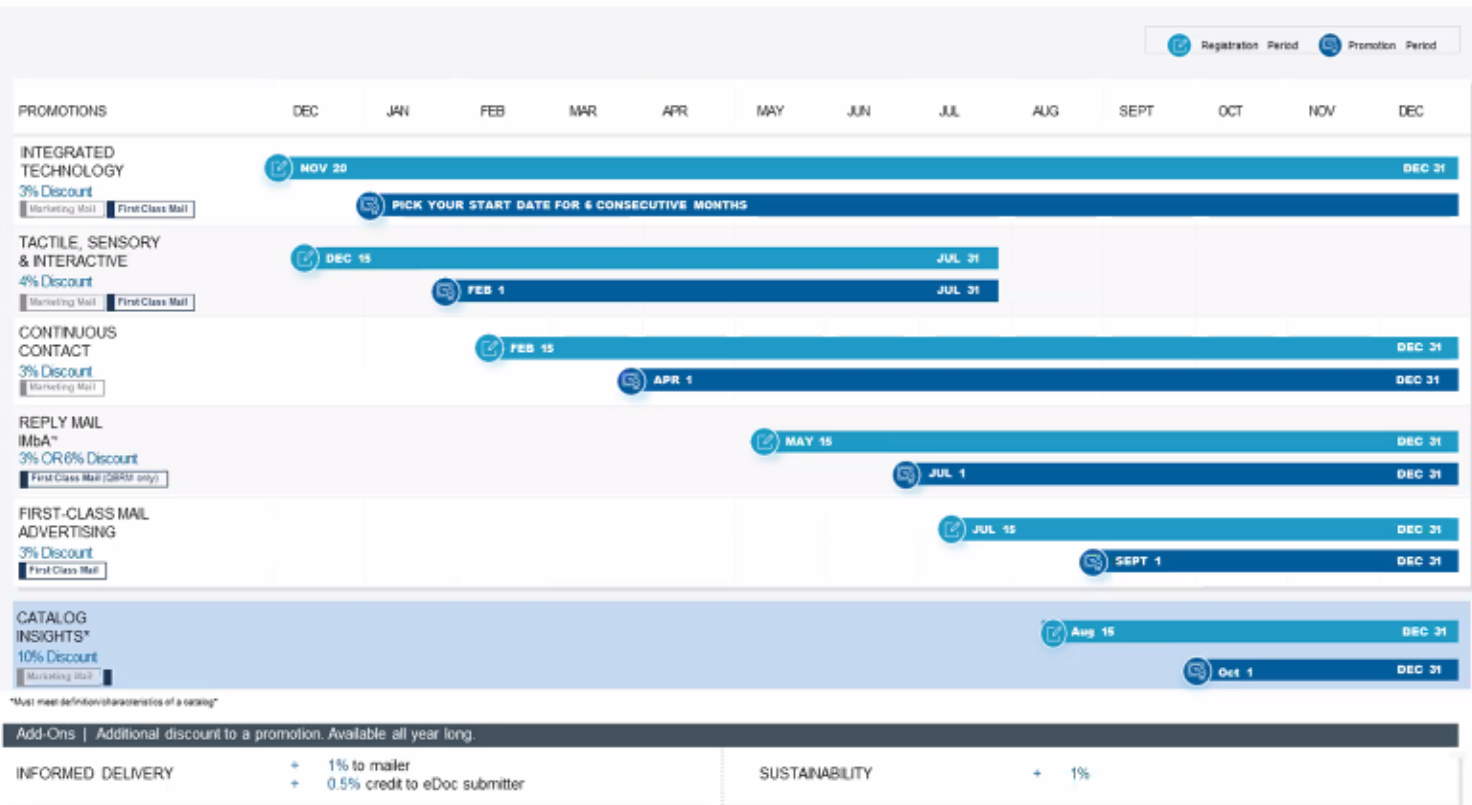


# USPS Promotions and Volume Incentive

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- Through the use of 3 promotions, PS clients saved over \$2.4 million dollars in 2024.
  - ✓ Emerging Tech
  - ✓ Tactile, Sensory, and Interactive
  - ✓ Informed Delivery
- PS clients earned an additional \$1.5 million dollars in postal credits through the Mail Growth Incentive.
- The use of the USPS Promotions and the Mail Growth Incentives can bring real savings to your program.

# 2025 Promotions Calendar




**CATALOG INSIGHTS**

- Designed for catalogers\* to expand and grow circulations and allow Postal Service to evaluate catalog mailer price sensitivity

Must meet definition/characteristics of a catalog\*

\*Catalog Insights: Participants will be able to register anytime during the registration period of: Aug 15, 2025 – Jun 30, 2026

# 2025 Promotions

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- **ENDS in JULY - Tactile, Sensory & Interactive:** Incentivizes the use of advanced print techniques to create engaging mailpieces. Items include specialty folds, scents, and textures, and pieces where the recipient can interact with the mail piece. Up to 4% discount on postage.
- **Integrated Technology:** Encourages incorporation of digital technologies like QR codes, Artificial Intelligence and Near Field Communications to bridge physical and digital marketing. Up to 3% discount on postage.
- **Reply Mail IMbA:** Offers discounts for utilizing a new accounting system for Intelligent Mail barcodes on QBRM and High Volume QBRM, enhancing tracking and data collection. Up to 3% discount on postage.
- **First-Class Mail Advertising:** Promotes adding marketing messages to billing statements or invoices that are mailing First-Class to increase customer engagement. Up to 3% discount on postage.

# 2025 Promotions

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- **Continuous Contact:** Rewards consistent mailings to similar mailing lists over a specified period, fostering sustained interaction. Up to 3% discount on postage.
- **Coming Soon – Catalog Insights:** Designed to promote the use of printed catalogs. Up to 10% discount on postage.
- **Add-on: Informed Delivery:** Encourages mailers to integrate digital campaign elements with USPS's Informed Delivery service, allowing recipients to receive a clickable digital preview of their mail and driving increased engagement. Up to 1% additional discount on postage.
- **Add-on: Sustainability:** Offers mailers a discount for incorporating eco-friendly practices, such as using recycled materials into their mail campaigns. Up to 1% additional discount on postage.

# Mail Growth Incentive

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- **Objective:** Encourage mailers to increase their mail volume compared to the previous year.
- **Eligibility:** Mailers must send at least 1 million pieces of First-Class Mail or Marketing Mail (including Nonprofit) during the engagement period.
- **Baseline:** Established based on mail volume from USPS Fiscal Year 2024 (October 1, 2023 – September 30, 2024).
- **Performance Period:** January 1, 2025 – December 31, 2025.
- **Incentive:** Receive a 30% postage credit on mail volume that exceeds the 2024 baseline.
- **Credit Usage:** Earned credits can be applied to postage through December 31, 2026.
- *If you are not enrolled for the current year, you have until May 30, 2025 to enroll.*

# 2026 Promotions Calendar

Registration Period Promotion Period

PROMOTIONS

NOV

DEC

JAN

FEB

MAR

APR

MAY

JUN

JUL

AUG

SEPT

OCT

NOV

DEC

## INTEGRATED TECHNOLOGY

5% Discount

Marketing Mail

First Class Mail

NOV 15



Pick Your Start Date for 6 consecutive months



## TACTILE, SENSORY & INTERACTIVE

5% Discount

Marketing Mail

First Class Mail

NOV 15



JAN 1

Jun 30

## CONTINUOUS CONTACT

5% Discount

Marketing Mail



FEB 15



APR 1

Dec 31

## FCM ADVERTISING

5% Discount

First Class Mail



JUL 15



SEPT 1

DEC 31

## CATALOG INSIGHTS

10% Discount

Marketing Mail

Aug 15\*



JAN 1

Jun 30

Add-On

Additional discount to promotion all year long (Registration Period: Nov 15, 2025 - Dec 31, 2026)

## INFORMED DELIVERY

Marketing Mail

First Class Mail

+

1% to mailer

+

0.5% credit to eDoc submitter

## SUSTAINABILITY

Marketing Mail

First Class Mail

+

1%

\*2026 Catalog Insights is a continuation of the Catalog Insights Promotion beginning in 2025.

# USPS Promotions for 2026

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- 2025 promotions will carry over to 2026 except for Reply Mail ImbA.
- There will be an increase in the discount for following promotions to a flat up to 5%: Tactile, Sensory & Interactive; Integrated Technology; Continuous Contact.
- **Note:** The USPS has considered if the use of QR codes will still qualify for the Integrated Technology discount or if they will change to personalized QR codes.
- The new catalog promotion will run through June 2026.
- The add-on incentives (Informed Delivery and Sustainability) will stay the same at up to a 1% discount.
- The mail growth incentive will move to being measured in a calendar year (vs October – September) to make tracking easier.
- Expectation is that successful Promos and Incentives in 2025 will contribute to higher increases in rates changes in January and/or July 2026.



# USPS Oversight & Wrap Up



# USPS Oversight

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- Postmaster General Louis DeJoy resigned in late March 2025.
- David Steiner, formerly of Waste Management and the FedEx Board has been named the new PMG as of May 2025.
- Five open positions on the USPS Board of Governors
- *There is conversation swirling about privatization, but not likely for all services.*
- *Also talk of the Dept. of Commerce taking over the Postal Service.*
- Current model for rate-making set to expire in the next couple years.
- USPS Serves Us Act: Promoted by Keep US Posted

# Wrap Up

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- Postage Estimates and PS Commingle Rates might not be confirmed until mid-June.
- Determine how postage rates will impact your organization - especially if you drop ship mail.
- In scenarios where the postal logistics solution will change, be sure to discuss this with your mail partners. Don't assume it's business as normal without asking.
- Be aware of outbound and inbound delivery trend changes.  
USPS Network changes will affect mail delivery expectations. And NDC elimination and reduction of SCF discounts may factor in. Make sure everyone understands these repercussions.
- Ensure you are maximizing USPS Promotions and Incentives and start planning for 2026 now.

# Thank you!

