

# Postal Rate Change FAQs

## Reasons for the USPS® Rate Change & How to Prepare



### 1. Why and how do Postal Rates change?

Like all businesses, rising USPS® operational costs can result in occasional price increases for Postal mailing and shipping services. By law, price increases are carefully considered and reviewed. Under the Postal Accountability and Enhancement Act (PAEA), increases are capped to the change in the annual CPI inflation index and subject to approval by the Postal Regulatory Commission (PRC)

### 2. When do rates change?

It can vary depending on the product... USPS mailing and shipping services divide into Competitive and Market-Dominant products. Competitive products include Priority Mail™ and Express Mail™ – shipping and expedited delivery services that compete against other carriers like UPS® and FedEx®. The USPS generally times such price increases to coincide with the annual shipping increases enacted by UPS® and FedEx® in January.

Market-Dominant products include Mailing Services like First-Class Mail® and Certified Mail® that other carriers are prohibited by law from offering to the public. Although the USPS® usually changes prices for all of its products in January; price increases for such products are not always implemented on the same schedule as shipping products. In recent years, First-Class Mail® price increases have also taken place in April and May.

### 3. What is a rate update for my mailing machine?

When the Postal Service enacts price changes for its mail and parcel delivery services, the postage rate table in your mailing equipment must be updated to ensure that the correct postage is applied to your letters and parcels. Most postage meter providers require that you update the rate software so that the equipment will automatically calculate the correct postage when metering mail on and after the date that new rates take effect.

### 4. Why should I update my Postal Rates?

Your mailing equipment works best and saves you money when rate tables are kept up-to-date. Correct, accurate rating eliminates the needless overpayment of postage and the return of mail because of short-paid postage.

### 5. Does each rate update also include an update to the USPS® Zip-to-Zone table?

Yes. Because the postage paid by mailers who ship Zone-dependent parcels from or into reclassified ZIP codes may decrease or increase based on changes, most rate updates also include Zip-to-Zone changes that the Postal Service implemented since the last rate update.

### 6. How is the rate table software in my mailing equipment updated?

Some older mailing equipment requires simple installation of a rate chip before the scale or mailing machine will correctly rate mail. Other equipment requires insertion of a smartcard; once loaded, the mailing machine automatically switches to the new rates on the day they take effect. The most advanced mailing equipment connects online and remotely downloads the update in a matter of minutes.

### 7. How is the general public notified about the upcoming rate changes?

Mailroom managers rely on industry trade publications to keep current with the latest Postal developments. Smaller mailing operations and professional offices however, may need to rely on the press and informative newsletters like NeoNews by Neopost to keep abreast of the latest developments. The mandated USPS® rate-filing process ensures advanced notification of all impending changes, but some price increases may not be broadly reported by the press.

## 8. How do I know if a rate change will impact my equipment and mailing operations?

You should make it a regular practice to periodically check the [usps.com](http://usps.com) and your mailing equipment provider's web sites for advanced notice of scheduled price increases. If your equipment is not already covered by a Rate Change Protection contract, you will also receive a letter indicating that a rate increase has been announced by the USPS and that new rate updates are available for your equipment.

## 9. What is Rate Change Protection (RCP)?

An annual Rate Change Protection (RCP) contract covers the cost of purchasing an individual update each time the Postal Service implements a price increase. The cost of the annual contract is substantially lower than the cost of buying multiple updates for your equipment separately and coverage ensures automatic shipment and on-time delivery of the new rates.

## 10. My equipment is covered by a Rate Change Protection (RCP) contract. When should I expect to receive my rate update?

The Postal Service may not finalize its new rate schedule until shortly before the date the new rates are scheduled to take effect. It takes additional time to program, test and manufacture the rate updates. In all cases, your rate update will be shipped to arrive prior to the date upon which the new rates take effect.

## 11. If my mailing machine is covered by Online Rate Protection, how and when should I expect to download rate updates into my mailing machine?

Updates are made available for download onto online-enabled mailing machines weeks before the Postal rates change. There is no need to schedule a visit by a service technician. Simply connect your mailing machine and download the rates by going into the online services menu on your mailing machine and placing a "generic call" to the server. The download should take no more than three minutes.

## 12. Will I get instructions on how to make the required changes to my equipment?

Yes. Shipped updates are always accompanied by clear installation instructions, including steps for confirming successful update of the rate software on the equipment. More detailed instructions are also available online at mailing equipment providers websites.

## About Neopost USA

Neopost USA provides mailing, communications and shipping solutions. For generations, we have worked with our customers to prepare, deliver and manage their customer communications in the most secure, efficient, and professional manner possible. As businesses increasingly move to digital communications, we continue to help our customers communicate – whether in traditional mail, digital communications, or packages. All of this is provided by a network of sales and service professionals providing sales, supplies and service to their customers. For more information on Neopost USA, visit [www.neopostusa.com](http://www.neopostusa.com).

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