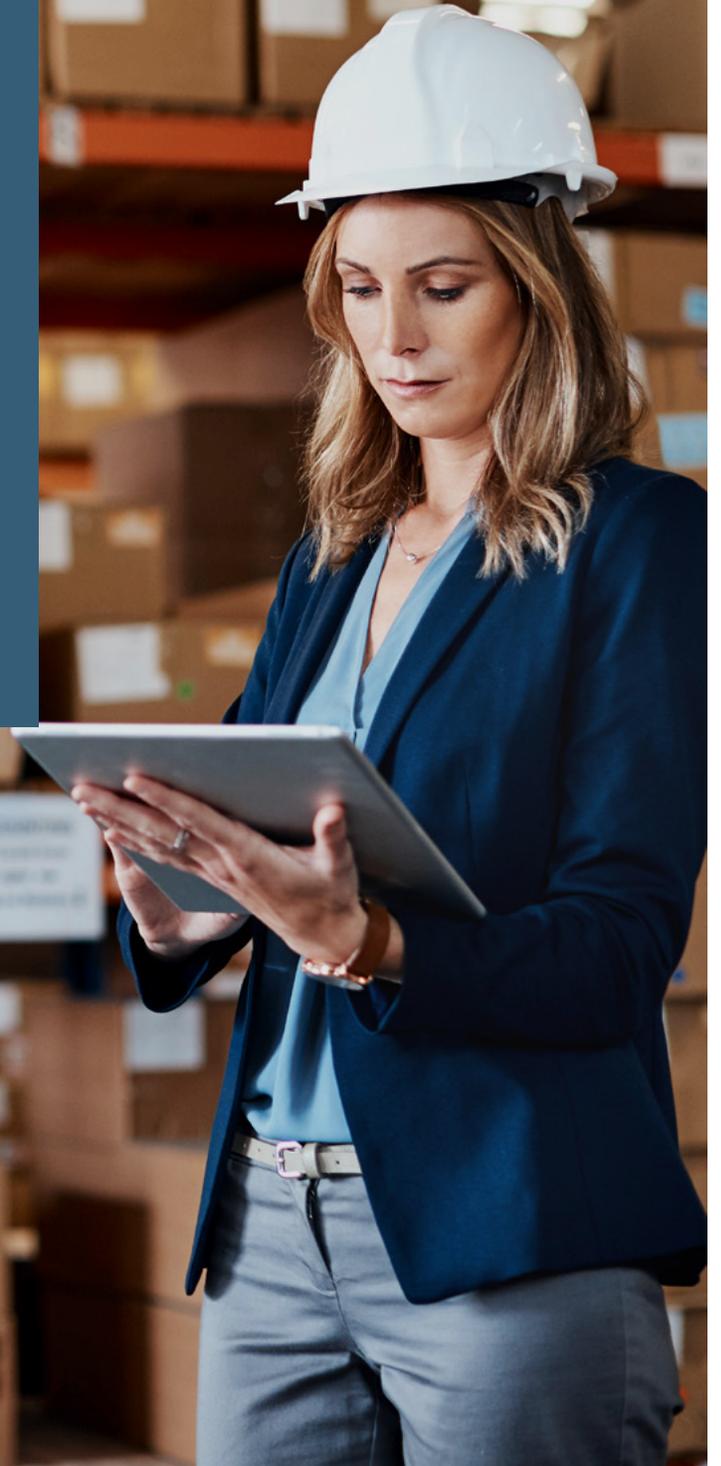


2021

Shipping Rate Increase Guide





A Letter From Our Founder

This year has undoubtedly been unlike any other. Our lives have all been drastically impacted by Covid in one way or another. Huge changes in the parcel shipping industry as it pertains to FedEx and UPS were also realized. Just this year alone we underwent a series of mid-year rate increases and extra fees assessed on a per package basis. We saw the carriers' networks hit unprecedented capacity, causing them to limit the number of packages they would pick up from select businesses.

While we are still in the midst of some of the policies set forth by FedEx and UPS, we have created a rate guide detailing the changes that the carriers have made this year so you have it all in one place in one easy-to-reference guide. We hope this helps you to understand what has happened in the past so you can plan better for the future.

Sincerely,

Josh Dunham

Josh Dunham

Navigating 2020 Surcharges

2020 has been a tumultuous year for the shipping industry—and we've seen the effects through rate changes, the suspension of money-back guarantees and surcharges on top of surcharges.

Here is a timeline of all the changes that we've seen this year:

MARCH

March 23
[FedEx suspends their Money-Back Guarantee program until further notice](#)

March 24
[UPS suspends the UPS Service Guarantee until further notice](#)

APRIL

April 6
FedEx
[Shipments from China and APAC: Surcharge of \\$.45 per pound](#)

[Other international shipments Surcharge of \\$.10 per pound](#)

April 12
UPS
Surcharge on international shipments except from Europe, China, Australia, New Zealand, and other Asia origins : \$.11 per pound

April 23
FedEx
[Surcharge on shipments from China increased to \\$.90 per pound](#)

MAY

May 31
UPS
Ground residential: \$.30 surcharge per package¹

SurePost: \$.30 per package¹

Large packages (all service levels): \$.31.45 per package

JUNE

June 8
FedEx
[Peak - Oversize charge: \\$30 per package](#)

[Temporary surcharge on SmartPost: \\$.40 per package](#)

[Peak - Residential delivery surcharge: \\$.30 per package²](#)

¹Fees apply for customers whose combined volume of Ground Residential and SurePost packages during the week prior to the invoicing period exceeded the customer's average weekly volume from February by more than 25,000 packages.

²Applies to customers at the enterprise level who (1) within a given week, ship 40,000 FedEx Express residential and FedEx Ground residential packages combined (excluding FedEx SmartPost and FedEx One Rate®); and (2) whose volume in that same week exceeds 120% of their average weekly volume in February 2020

NOVEMBER

November 2
FedEx - [Surcharge on shipments originating from Europe and MEISA: Increasing from \\$.10 to \\$.25 per pound](#)

UPS - Surcharge on shipments originating from Europe: \$.11 per pound

November 8
UPS
Peak surcharge on Worldwide Express Plus, Worldwide Express and Worldwide Saver shipments from China to US: \$1.47 per pound

Peak surcharge on Worldwide Expedited: \$1.43 per pound

Peak surcharge on shipments from Australia, New Zealand, and other Asia origins to the U.S.: \$.45 per pound

November 15
UPS
Peak surcharge on shipments from Europe origins to the U.S. and North America: increasing from \$.11 to \$.18 per pound

Looking toward 2021, there are a few things we don't know:

- ① If and when UPS and FedEx will reinstate their service guarantees
- ② What additional surcharges to expect once the holidays are over
- ③ What further changes that the carriers will implement to pad margins.

But what we do know is this: If we can withstand the last year together, we can withstand anything. And with that, we bring you the annual shipping rate increase guide.

What to Expect in 2021

UPS and FedEx will both increase their rates by an average of 4.9% starting December 27, 2020, and January 4, 2021, respectively. This increase matches the pace that's been set more or less for the past 10 years by the shipping giants.

However, both companies have increased standard surcharge rates. There are also a few surcharge assessment changes coming that you should watch out for. Continue reading for a more detailed breakdown of 2021's price expectations.

[START YOUR FREE INVOICE AUDIT](#)

Sources

UPS 2021 rates

[VIEW](#)

FedEx 2021 rates

[VIEW](#)

UPS 2020 rates

[VIEW](#)

FedEx 2020 rates

[VIEW](#)

Rate Increases Over Time

Year	UPS Air	UPS Ground	FedEx Air	FedEx Ground
2021	4.9%	4.9%	4.9%	4.9%
2020	4.9%	4.9%	4.9%	4.9%
2019	4.9%	4.9%	4.9%	4.9%
2018	4.9%	4.9%	4.9%	4.9%
2017	4.9%	4.9%	3.9%	4.9%
2016	5.2%	4.9%	4.9%	4.9%
2015	4.9%	4.9%	4.9%	4.9%
2014	4.9%	4.9%	3.9%	4.9%
2013	6.5%	5.9%	5.9%	5.9%
2012	6.9%	5.9%	5.9%	5.9%
2011	6.9%	5.9%	5.9%	5.9%



Minimum Charges

Package minimums dictate the price floor that you pay in transportation costs to send packages. That means that your minimum net charge can never be less than this floor, no matter what discounts are applied. These charges are another area where carriers steadily raise the price year over year to increase your cost.

Many shippers don't know how carrier package minimum charges affect their shipping spend. In fact, many shippers don't even know they exist. Carriers use these price floors to negate discounts to protect their margins – more often than shippers realize.

Ground Residential Minimums

2021	UPS: \$13.21 (7.14% increase)
	FedEx: \$13.11 (7.20% increase)
2020	UPS: \$12.33 (4.49%)
	FedEx: \$12.23 (4.97%)
2019	UPS: \$11.80 (5.64%)
	FedEx: \$11.65 (4.20%)
2018	UPS: \$11.17 (4.20%)
	FedEx: \$11.18 (4.49%)
2017	UPS: \$10.72 (5.20%)
	FedEx: \$10.70 (5.00%)
2016	\$10.19 (4.94%)
2015	\$9.71 (6.24%)
2014	\$9.14 (5.79%)
2013	\$8.64 (7.46%)
2012	\$8.04 (5.51%)
2011	\$7.62 (8.24%)

Note: All figures include the carrier's residential surcharge, which applies to all residential packages

Ground Commercial Minimums

2021	UPS: \$8.76 (6.44% increase)
	FedEx: \$8.76 (6.44% increase)
2020	UPS: \$8.23 (4.84%)
	FedEx: \$8.23(4.84%)
2019	UPS: \$7.85 (3.70%)
	FedEx: \$7.85 (3.56%)
2018	UPS: \$7.57 (3.41%)
	FedEx: \$7.58 (4.55%)
2017	UPS: \$7.32 (5.48%)
	FedEx: \$7.25 (4.47%)
2016	\$6.94 (4.83%)
2015	\$6.62 (6.09%)
2014	\$6.24 (6.85%)
2013	\$5.84 (7.38%)
2012	\$5.49 (6.19%)
2011	\$5.17 (6.82%)

Key Surcharges

Surcharges typically account for more than a third of the average price of a package, and they have the potential to drastically impact your shipping costs. Surcharges are often raised at a higher rate than carriers' list rates are, so it's important to stay apprised of changes as they happen.



Additional Handling

An additional handling surcharge applies to any package that meets any one of the following criteria:

	UPS	FedEx
Dimension	<i>Domestic shipments:</i> A "large package" fee is assessed when the package's length (longest side of the package) plus girth [(2 x width) + (2 x height)] combined exceeds 130 inches or its length exceeds 96 inches.	The package's dimensions measure more than 48 inches along its longest side or measures greater than 30 inches along its second-longest side, or if the package's length plus girth exceeds 105 inches.
Weight	Any package with an actual weight of more than 70 pounds.	<i>U.S. Express and U.S. Ground:</i> Actual weight is greater than 50 lbs. <i>International Express and International Ground:</i> Actual weight is greater than 70 lbs.
Packaging	Not fully encased in cardboard, any cylindrical items, and/or other nonstandard packages.	

Additional Handling Rates

Year	UPS		FedEx (Express & Ground)	
	Rate	% Increase	Rate	% Increase
2021	\$25.50 for packages that exceed the weight limit	6.25%	\$25.50 for packages that exceed the weight limit	6.25%
	\$16 for packages that exceed the dimension limit	6.67%	\$16 for packages that exceed the dimension limit	6.67%
	\$15.25 for parcels with non-standard packaging	7.02%	\$14 for parcels with non-standard packaging	7.69%
2020	\$24 for packages that exceed the weight limit	4.35%	\$24 for packages that exceed the weight limit	20.00%
	\$15 for packages that exceed the dimension limit	5.26%	\$15 for packages that exceed the dimension limit	11.11%
	\$14.25 for parcels with non-standard packaging	5.26%	\$13 for parcels with non-standard packaging	8.33%

Address Corrections

Address corrections are applied at the carrier's discretion when the shipper provides an incorrect or incomplete address. FedEx also adds this surcharge when the destination is a P.O. box or has a P.O. box Zip code.

Year	UPS		FedEx (Express & Ground)	
	Rate	% Increase	Rate	% Increase
2021	\$18.00	5.89%	\$18.00	5.89%
2020	\$17.00	3.66%	\$17.00	6.25%

Residential Delivery Surcharge

This surcharge is applied to shipments going to homes or private residences, including businesses operated out of homes. This fee can also be added to any shipment where the shipper has designated the delivery address as a residence...regardless if that is accurate or not.

UPS - Ground	2021 rate: \$4.45 (8.53% increase) 2020 rate: \$4.10 (3.80% increase)
UPS - Air	2021 rate: \$5.00 (13.60% increase) 2020 rate: \$4.40 (2.07% increase)
FedEx - Home Delivery	2021 rate: \$4.35 (8.75% increase) 2020 rate: \$4.00 (5.26% increase)
FedEx - Ground and Express	2021 rate: \$4.95 (6.45% increase) 2020 rate: \$4.65 (5.68% increase)



Delivery Area for Residential & Commercial Shipments

You'll see this surcharge appear on your invoice when packages are shipped to U.S. ZIP codes in non-urban areas.

UPS - Residential (Ground and Air)	2021 rate: \$4.30 - Ground (7.50% increase) 2021 rate: \$4.70 - Air (6.81% increase)
	2020 rate: \$4.00 - Ground (5.26% increase) 2020 rate: \$4.40 - Air (1.15% increase)
UPS - Commercial (Ground and Air)	2021 rate: \$3.10 - Ground (5.08% increase) 2021 rate: \$3.25 - Air (4.84% increase)
	2020 rate: \$2.95 - Ground (5.36% increase) 2020 rate: \$3.10 - Air (5.08% increase)
FedEx - Home Delivery	2021 rate: \$4.30 (7.50% increase) 2020 rate: \$4.00 (9.59% increase)
FedEx - Residential (Ground and Express)	2021 rate: \$4.70 (6.82% increase) 2020 rate: \$4.40 (4.76% increase)
FedEx - Commercial (Ground and Express)	2021 rate: \$3.10 - Ground (5.08% increase) 2021 rate: \$3.25 - Express (4.84% increase)
	2020 rate: \$2.95 - Ground (9.26% increase) 2020 rate: \$3.10 - Express (8.77% increase)

FedEx Note: FedEx has also announced that it will change the ZIP codes that qualify for this surcharge on January 6, 2021. View the updated ZIP codes [here](#).

Extended Delivery Area For Residential & Commercial Shipments

Applied to package shipments destined for select U.S. ZIP codes, particularly those in remote areas that are difficult or inconvenient for parcel carriers.

UPS - Residential (Ground and Air)	2021 rate: \$5.90 (9.26% increase) 2020 rate: \$5.40 (11.34% increase)
UPS - Commercial (Ground and Air)	2021 rate: \$3.70 - Ground (7.25% increase) 2021 rate: \$3.85 - Air (6.94% increase)
	2020 rate: \$3.45 - Ground (23.21% increase) 2020 rate: \$3.60 - Air (22.00% increase)
FedEx - Residential (Ground and Express)	2021 rate: \$5.90 (9.26% increase) 2020 rate: \$5.40 (16.13% increase)
FedEx - Commercial (Ground and Express)	2021 rate: \$3.70 - Ground (7.25% increase) 2021 rate: \$3.85 - Express (6.94% increase)
	2020 rate: \$3.45 - Ground (27.78% increase) 2020 rate: \$3.60 - Express (26.32% increase)

Oversize & Large Packages

Applied to packages that exceed 96 inches in length or 130 inches in length and girth. This surcharge applies based on the package's actual rounded weight or dimensional weight, whichever is greater. Packages are also subject to a 90-pound minimum billable weight.

UPS 2021 Rate	\$105.00 - Commercial (5.00% increase) \$130.00 - Residential (8.33% increase)
UPS 2020 Rate	\$100.00 - Commercial (5.26% increase) \$120.00 - Residential (4.35% increase)
FedEx 2021 Rate	\$105 - Express and Ground (5.00% increase) \$130 - Home Delivery (8.33% increase)
FedEx 2020 Rate	\$100 - Express and Ground (11.11% increase) \$120 - Home Delivery (33.33% increase)

UPS Note: Effective beginning April 11, 2021, Additional Handling and Large Package Surcharge rates for non-Hundredweight Service packages will differ by zone.

Dimensional Weight

Historically, carriers issued pricing based on the actual weight of the package. The increase in direct-to-consumer shipping has moved more lightweight, but not necessarily smaller packages, through their networks. The carriers reacted to this by employing a weighting model that takes the size of the package into consideration. Dimensional pricing allows carriers to set prices based on how much space that a package takes up on their trucks and planes. This is commonly referred to as 'Dimensional Weight' or 'Bill Weight'.

Dimensional weight is calculated by multiplying the length, width, and height of the package and dividing the total by 139.

2021	All packages for FedEx and UPS were subject to DIM 139
2020	All packages for FedEx and UPS were subject to DIM 139





Peak Season

UPS and FedEx typically reserve peak season surcharges to drive additional revenue during the busiest shipping season of the year, however, both carriers have used peak pricing throughout 2020 to manage shipping volumes during the pandemic.

Here, we've broken down all the additional peak surcharges currently in effect, along with the holiday surcharge pricing for 2020.

UPS Other Peak Surcharges

These apply to customers who ship more than 1,000 packages per week or ship more than 10 packages per week that otherwise qualify for any of these peak surcharges.

Effective Dates: Oct 4, 2020 - Jan 16, 2021		
Surcharge	Price	Services
Additional Handling	\$5.00 per package	All
Large Package	\$50.00 per package	All
Over Maximum Limits	\$250.00 per package	All

UPS Volume Surcharges

These fees will apply to qualifying customers who at any point during the peak period ship more than 25,000 packages per week.

Effective Dates: Nov 15, 2020 - Jan 16, 2021			
Service	110% - 200% of Feb volume	>200% - 300% of Feb volume	>300% of Feb volume
SurePost	\$1.00 per package	\$2.00 per package	\$3.00 per package
Ground Residential	\$1.00 per package	\$2.00 per package	\$3.00 per package
Next Day Air Residential	\$2.00 per package	\$3.00 per package	\$4.00 per package
All other Air Residential	\$2.00 per package	\$3.00 per package	\$4.00 per package

FedEx Peak Surcharges

Surcharge	Price	Services	Effective Dates
Peak - Oversize Charge	\$52.50 per package	U.S. Express Package Services, U.S. Ground Services, International Ground Service	Oct 5, 2020 - Jan 17, 2021
Peak - Ground Unauthorized Package Charge	\$350.00 per package	U.S. Ground Services, International Ground Service	Oct 5, 2020 - Jan 17, 2021
Peak - Additional Handling Surcharge	\$4.90 per package	U.S. Express Package Services, U.S. Ground Services, International Ground Service	Oct 5, 2020 - Jan 17, 2021
Peak Surcharge	\$1.00 per package	SmartPost Package Services	Nov 2 - Nov 29, 2020
	\$2.00 per package		Nov 30 - Dec 6, 2020
	\$1.00 per package		Dec 7, 2020 - Jan 17, 2021

FedEx Peak Residential Delivery Charge

FedEx customers who ship more than 35,000 weekly average packages from Oct. 5, 2020, to Oct. 18, 2020, will be charged the following fees.

Effective Dates: Nov 2, 2020 - Jan 17, 2021				
Peaking Factor*	>110% - 200%	>200% - 350%	>350%- 500%	>500%
FedEx Ground Residential	\$1.00 per package	\$2.00 per package	\$3.00 per package	\$4.00 per package
FedEx Express Residential	\$2.00 per package	\$3.00 per package	\$4.00 per package	\$5.00 per package

*Peaking factor is calculated as weekly average packages shipped Nov. 16, 2020-Nov. 29, 2020, divided by weekly average packages shipped Feb. 3, 2020-March 1, 2020, multiplied by 100.



It's Time to Prepare for 2021

While we have all learned a lot over the past year, what we've learned most is that we don't just need to expect the unexpected... We need to prepare for it.

The COVID-19 pandemic will continue to affect the carriers' ability to quickly and safely deliver your packages on time. Once the holiday season is over, expect to continue to see fluctuating surcharges as UPS and FedEx try to balance demand with capacity.

Despite these fluctuating changes, there's still room for your team to mitigate these added costs. Reach out for a free invoice audit and we'll help you evaluate your current operations and develop a strategy to save you money.

[START YOUR FREE INVOICE AUDIT](#)



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