Institute for Policy Studies

Policy Brief

Washington, D.C. **June 2026**

UPS and FedEx Surcharges Based on ZIP Codes

Without competition from a public U.S. Postal Service, for-profit firms would likely jack up package delivery rates highest in these areas.

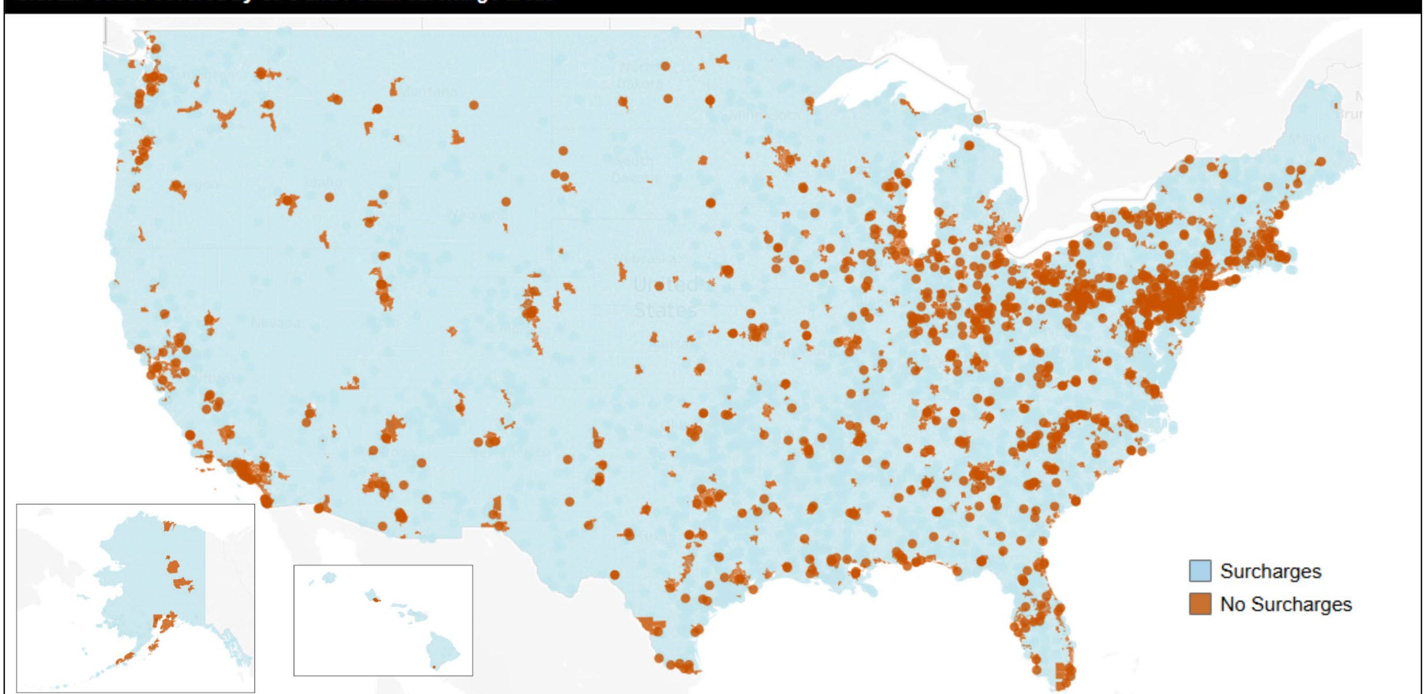
Unlike for-profit carriers, the Postal Service has a universal service obligation requiring the agency to provide affordable deliveries to all Americans, regardless of where they live or work. Wells Fargo analysis indicates that USPS parcel pricing was approximately 25 percent to 60 percent below FedEx and UPS prices in 2024.

If USPS were privatized, for-profit delivery firms would no longer have to compete with a public service committed to affordable rates. This would lead them to jack up rates on as many customers as possible and likely discontinue deliveries on the most expensive routes. Who would be hit hardest? Most likely those who live or work in ZIP codes where private carriers already impose ZIP code-based surcharges.

Institute for Policy Studies analysis of UPS and FedEx data finds that these companies' existing area surcharges apply to retail customers sending parcels to ZIP codes where 102 million Americans live. These include rural areas as well as many small towns and neighborhoods just outside major cities. These higher delivery rates are just a taste of what would come if USPS is privatized.

Private Companies Apply Surcharges to 62% of ZIP Codes

U.S. ZIP codes covered by UPS and FedEx surcharge areas



Source: Institute for Policy Studies analysis of data from UPS and FedEx

A searchable version of this map is available here: http://bit.ly/4tnz6Ua

Details on the range of UPS and FedEx area surcharges

FedEx and UPS add an array of area surcharges to advertised base retail rates for parcel customers using their own packaging (rather than flat rate boxes). Amazon is not included in this analysis because they typically embed delivery costs into the price of purchased goods.

Institute for Policy Studies analysis of UPS and FedEx web site data indicates that these firms charge area surcharges for deliveries to approximately 62 percent of the nation's 42,000 ZIP codes. These surcharge areas are home to approximately 102 million people, or 31 percent of the U.S. population.

The table below includes specific surcharge rates. The most expensive apply to shipments to non-urban areas of Alaska and Hawaii. The highest in the 48 contiguous states are "remote surcharges" that apply to about 8 percent of ZIP codes covering mountain communities, ranchlands, and other far-flung areas where 3.8 million people live. Another 35 percent of ZIP codes, rural areas with a combined population of 35 million, face "extended area surcharges." The lowest fees, simply called "delivery area surcharges," apply to another 19 percent of ZIP codes, mostly in suburban areas and small towns, with a combined population of 64 million.

2026 Delivery Area Surcharges

ZIP Code Categorization	UPS	FedEx	USPS
Non-contiguous US			
Alaska	$46.25	$46.00	$0.00
Hawaii	$16.50	$16.25	$0.00
Remote area surcharges in the contiguous US			
Commercial and residential	$16.50	$16.75	$0.00
Extended area surcharges in the contiguous US			
Commercial Delivery	$5.70	$5.55	$0.00
Residential Delivery	$8.85	$8.80	$0.00
Delivery area surcharges in contiguous US			
Commercial Delivery	$4.50	$4.45	$0.00
Residential Delivery	$6.55	$6.60	$0.00

Sources: FedEx and UPS. Surcharges reflect published retail rates for 2026 (excluding any promotional discounts) for customers using their own packaging (rather than flat rate boxes). Large volume shippers commonly negotiate discounted rates. Each of these three carriers have applied temporary surcharges in response to rising fuel prices. These surcharges are not reflected here because they are not based on the geographic location of the sender or recipient.

For packages not in flat rate boxes, USPS delivery charges are based on weight and distance — not on the recipient's ZIP code. The only exceptions are when business shippers use discounted rates negotiated by online retailers like eBay or shipping software companies like EasyShip. On flat rate box deliveries, for-profit carrier rates are comparable to USPS, but these rates come with various restrictions on size and weight and are not always the most economical option.

Private firms also charge more for residential and Saturday deliveries and for pick-up services

Residential: In addition to area surcharges, the private carriers impose extra charges on all residential deliveries, reflecting the higher costs for companies that — unlike USPS — aren't already visiting homes every day. As of April 2026, UPS is charging $6.50 extra for ground delivery and $7.00 extra for air delivery to residences. FedEx is charging $6.95 extra for residential delivery. The Postal Service does not charge extra for deliveries to your home.

Saturday: USPS does not charge extra for Saturday delivery. In 2022, the Postal Service Reform Act codified the agency's obligation to deliver six days a week to every U.S. address in law. FedEx, on the other hand, charges various extra fees for Saturday express delivery services and UPS charges $4 extra per package for Saturday ground commercial delivery.

Pick-up: USPS mail carriers pick up packages of less than 70 pounds from residences at no charge during their regular delivery routes. Since they are visiting residences every day anyway, this adds little extra cost for the public service. This is a particularly important service for customers who cannot easily travel to a post office or a UPS or FedEx drop off location because they don't have a means of transport or for physical reasons. By contrast, FedEx and UPS charge substantial pick-up fees.

Fees for Picking Up Packages from a Residence

	Monday-Friday	Saturday
FedEx	$9.00 + $5.95 residential surcharge + any applicable area surcharges	$15.50 + $5.95 residential surcharge + any applicable area surcharges
UPS	$9.65 + $6.50 residential surcharge + any applicable area surcharges	$9.65 + $6.50 residential surcharge + any applicable area surcharges
USPS	$0	$0

Sources: Rates are for FedEx and UPS on-call pickups scheduled at least one day in advance. Rates for same-day pick-up are higher. USPS offers free pick-up service during carriers' regular mail delivery routes. USPS only charges a fee if a customer needs a pick-up at a specific time ("Pick-up on Demand"). Rates do not include temporary fuel surcharges that are not area-based.

Wells Fargo analysts and some other prominent commentators and politicians have recommended that USPS continue to operate the mail service while allowing private corporations to take over USPS package processing and delivery. Stripping USPS of the most profitable — and growing — segment of the system would hollow out the Postal Service and likely lead to degrading of service. This could open the door to full-scale privatization and the elimination of universal service.

The public Postal Service has used revenue from more densely populated areas to cover the costs of rural deliveries, but private carriers would be unlikely to maintain "last mile" delivery on more expensive routes, putting our country's time-honored commitment to universal postal pricing and delivery in jeopardy. Businesses are likely to face higher prices for shipping costs, since private companies prioritize profits, and these higher costs are likely to be at least partly passed on to customers. On top of increased package delivery rates, rural communities would also likely face the shuttering of many rural post offices and the related loss of postal jobs that pay decent wages with benefits.

Additional IPS research on the Postal Service available at: https://inequality.org/institute-for-policy-studies-research-on-the-postal-service/ Contact: Sarah Anderson, sarah@ips-dc.org

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