

INDUSTRY UPDATE

Are You Complying with the Move Update Requirement?

THE RULES FOR MOVE UPDATE ARE CHANGING EFFECTIVE NOVEMBER 23, 2008

As you may already know, the rules for Move Update are changing effective November 23, 2008. The specific changes will be discussed later in this article. What you may not know, is that the USPS® is re-engaging their efforts to enforce Move Update compliance. In the past, the USPS®'s efforts have been somewhat unpredictable due to issues with detecting violators. However, this is soon to change and the signals are already here!

The timing of this recently engaged enforcement policy coincides with the postage rate increases effective May 12, 2008. Mailers will be using newly designed postage statements and many of these new statements include "Move Update Method" area where the mailer must check off how they are complying with the Move Update requirement. Today this requirement only applies to First-Class Mail® and requires that the Move Update must be performed within the 185 days *prior* to submission of the mail to the USPS®. However, effective November 23rd, 2008, Standard Class™ mailers of Letters and Flats will also have to check one of those checkboxes and the frequency has been increased to 95 days prior to submission to the USPS®. Checking the box on the postage statement certifies that the information on the form is accurate and subject to the language of the statement's certification section.

If a mailer is found to be out of compliance, there are significant potential consequences that include being liable for revenue deficiencies and/or subject to civil and criminal penalties if the information provided is omitted or misleading. If fraud

can be proven in a false claim of meeting the Move Update requirement, the USPS® can seek three times the revenue deficiency under the False Claims Act (FCA). Revenue deficiency refers to the difference between the postage that was utilized on the mailpiece and what the postage rate the mailpiece actually qualified for.

SPECIAL NOTE: deficiencies can be assessed to all pieces in a mailing, not just those for which there was a Move Update. For First-Class™ mailings, this is often about 25% of the original postage cost. For Standard Mail® failing to meet the Move Update requirement, the correct postage is the appropriate First-Class Mail rate which can be close to double the original postage cost.

We encourage mailers to be certain that before checking one of the aforementioned checkboxes, that confirmation of Move Update compliance is made. While this requirement has existed for First-Class Mail® since 1996, it has been incorrectly interpreted by many mailers and the USPS® has focused enforcement only on egregious violations. As a result it is likely that there is widespread non-compliance, contributing to the significant amount of undeliverable as addressed mail (UAA). Details on the current requirement can be found on Postal Explorer® (<http://pe.usps.com>) in DMM section 233.3.5. Also, publication 363 provides even more detailed information on the Move Update Requirement and how to comply (<http://www.usps.com/cpim/ftp/pubs/pub363.pdf>).

Historically, the process of determining whether mailers were complying with the Move Update requirement was difficult for the USPS®. However, recently (2008), the USPS® has established processes to measure compliance no matter what Move Update method a mailer is employing. This includes an upgrade to their Merlin® systems to verify whether the mail meets Move Update requirements. Mail clerks will be able to disqualify a mailing from receiving discounts just like they would if the Postnet barcode was unreadable. As the mailing industry moves to the Intelligent Mail® Barcode, it will allow the USPS® to determine whether mailers are complying with the Move Update requirement after the mailing has been made. That data will likely be used to trigger enforcement actions. What exactly the USPS® has planned is anybody's guess, but they will be watching. In fact, in recent industry meetings, the USPS® mentioned that they have established multiple methods to detect non-compliance, have already been gathering data, have already established a list of suspected non-compliant mailers, and are simply waiting for the go from upper management to begin contacting these mailers.

Under the current Move Update requirement for First-Class™ automation discounts, “each address and associated occupant name used on the mailpieces in a mailing must be updated within 185 days *before* the mailing date, with one of the USPS®-approved methods”.

Before the Mailing. For a marketing mailing from a rented mailing list, this is easy to understand: The list is acquired and run through a pre-mailing solution like NCOA^{Link}™ which provides a change of the addresses of people who moved so mailing is printed with the new address. Transactional mailers which prepare transactional mail such as invoices and statements, may have additional challenges. Large corporate mailing operations often have no control over the address data as it's often is contained in print image files generated by invoicing programs from other departments. A post-composition

program can be used to get the name and addresses from the print image files, run CASS® and NCOA^{Link}™ and return the corrected address and barcode information to the print image file before it is printed. However, in many cases, these corrections cannot make it back to the owners of these addresses to update the lists they came from. Over time, the return mail increases with no address changes and the UAA rate can quickly rise to levels that results in being non-compliant with Move Update. That leads to the other point of confusion:

Update what? The address on the mail piece? The address in the database which created the mailing list? Both? Certainly the address on the piece must be updated with the new address prior to mailing. Whether the original mailing list must be updated would depend on which method you are using for Move Update compliance. Let's briefly review the most common Move Update methods:

Address Change Service® (ACS™) supplies an electronic address change AFTER a mailing. In most cases, the original mailing list is updated with the new address in order to have it appear on the next mailing. The requirement to update the list 185 days *prior* to the mailing requires mailing to a new address at non-automation rate the first time it is mailed if ACS™ is the only method of Move Update used. The logic is “how could the address be updated within 185 days prior to a mailing if never mailed before?”. An automation discount can be claimed the second time the piece is mailed since the first mailing “starts the clock” ACS™ move update process.

FASTforward® processing can be utilized for mail processed on MLOCR equipment. This allows a new address to be sprayed on the mailpiece at the time of machine sortation so it will always update the address on the mailpiece. During the *first* 13 months that FASTforward® can change an address, mailers would normally not update their address databases with changes supplied by the USPS® because mailers were not directly made

aware of the changes that were made by FASTforward® (unless the FFMUNF process was utilized). Therefore, in the interest of Address Quality, it is important to have additional processes in place to handle mail with moves effective between months 13 and 18, when mail will be returned with the new address on the mailpiece. If you fail to update your original databases with the new addresses on those return mail pieces promptly, UAA could rise beyond allowable levels for FASTforward®.

NCOALink™ users must use the new address on the mail piece. NCOALink™ processes utilize either 18 or 48 months worth of Change of Address information. The user must apply the new address to their original list before the change of address disappears from the NCOALink™ Database. With 18 month data, after 18 months, NCOALink™ would no longer change that address resulting in return mail that will NOT have a return address on it since the forwarding order has expired. You do have 18 months to electronically update the original database record. An additional benefit is that NCOALink™ will also flag records that the USPS® knows the recipient has moved but for which there is no new address available. Mailer's can use this information to suppress pieces from being mailed or trigger additional research.

Ancillary Service Endorsement. Like with ACS™, the mail owner will get mail returned or receive one of those yellow postcard with the address change. That address must be used to update the address on future mailings within the required time frame (185 days right now) in order to be compliant. As noted with ACS™, the other Post Mailing solution, the first mailing to utilize an Ancillary Service Endorsement does not meet the Move Update requirement (unless an additional pre-mailing solution is also utilized).

Alternative Method. What if you can not change the address on the mailpiece because your industry requires some kind of notification or verification? To stay in compliance, you

would mark those addresses in your original database and put mailpieces for these addresses in a separate First-Class™ mailing that does not attempt to claim automation rates. You could also apply for alternative Move Update process as described in USPS® Publication 363.

New Requirements Take Effect November 23, 2008

On November 23rd, 2008 the USPS® will implement major changes in its Move Update requirement. You can find the new requirement on page 12 of the 10/11/2007 Postal Bulletin (<http://www.USPS.com/cpim/ftp/bulletin/2007/pb22217.pdf>). This change will require that addresses be checked and addresses updated 95 days (down from 185 days) before the mailing and extend the requirement to Standard-Class® mail. For Standard Mail™, the Move Update requirement must be satisfied in order to qualify to mail at standard rates. *Because the requirement must be satisfied before the mailing takes place, Standard-Class® mailers must really implement this requirement on August 20, 2008.*

IMPORTANT: Under the new requirements neither FASTforward® nor the Alternative Method are approved methods of Move Update compliance for Standard Mail™ flats. For Standard Mail™ letters, FASTForward® can be used but not the Alternative Method.

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Resources

Postal Explorer

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USPS® Publication 363

<http://www.usps.com/cpim/ftp/pubs/pub363.pdf>

Postal Bulletin 10/11/2007 (see page 12 for Move Update requirement)

<http://www.USPS®.com/cpim/ftp/bulletin/2007/pb22217.pdf>