



# EMA Postal

# Webinar

August 26, 2020



Lon Robinson is the Director - Research and Development at Tension Corporation, based in Kansas City, Mo. Lon has been with the Tension Envelope organization for over 40 years, holding positions in printing, folding, ink, prepress, product development, and Engineering. Lon is the Chairman of the EMA Postal Affairs Committee and one of the EMA representatives to MTAC, participates on many other EMA committees and was awarded the Malcolm Litman EMA Member of the year award and is a member of the Flexographic Technical Association Hall of Fame.

Kurt Ruppel, vice-chair of EMA's board of directors, is a 38-year veteran of the direct mail industry and IWCO Direct's resident expert on postal regulations. He represents the EMA on the Mailers' Technical Advisory Committee (MTAC) and is the MTAC Industry Track Leader for Marketing Mail Letters and an active member of other MTAC workgroups and user groups. Ruppel is also serves on the board of the Delivery Technology Advocacy Council (DTAC) and the member engagement and education committee for Association for Postal Commerce (PostCom). He is a frequent speaker and author on issues related to the impact of postal policies and technologies on direct mail marketing.



Bill LeVoor is currently Vice President of Sales for Mackay Mitchell Envelope Company. He has over 35 years of experience in the envelope business and has been involved with numerous committees and industry organizations through the years. He is a current member of MTAC with the EMA, and is the current industry Co-Chair of the Twin Cities Postal Customer Council.

# Topics

- Financial Update
- First-Class Mail Postcards
- New PMG Louis DeJoy
- Indicia Guidance
- Covid-19 response
- Election and Political Mail

# Financial Results

## USPS Financial Information (Unaudited)

June 2020<sup>1</sup>

(\$ Millions)

	Current Period					Year-to-Date				
	Actual	Plan	SPLY	% Plan	% SPLY	Actual	Plan	SPLY	% Plan	% SPLY
<b>Revenue:</b>										
Operating Revenue	\$5,927	\$5,660	\$5,342	4.7%	10.9%	\$54,831	\$54,743	\$54,289	0.2%	1.0%
Other Revenue	1	10	4	-90.0%	-75.0%	6	14	16	-57.1%	-62.5%
<b>Total Revenue</b>	<b>\$5,928</b>	<b>\$5,670</b>	<b>\$5,346</b>	<b>4.5%</b>	<b>10.9%</b>	<b>\$54,837</b>	<b>\$54,757</b>	<b>\$54,305</b>	<b>0.1%</b>	<b>1.0%</b>
<b>Operating Expenses:</b>										
Personnel Compensation and Benefits	\$5,131	\$5,099	\$4,625	0.6%	10.9%	\$48,056	\$45,636	\$46,461	5.3%	3.4%
Transportation	722	649	626	11.2%	15.3%	6,587	6,464	6,310	1.9%	4.4%
Supplies and Services	277	226	218	22.6%	27.1%	2,326	2,109	2,107	10.3%	10.4%
Other Expenses	571	623	574	-8.3%	-0.5%	5,252	5,402	5,238	-2.8%	0.3%
<b>Total Operating Expenses</b>	<b>\$6,701</b>	<b>\$6,597</b>	<b>\$6,043</b>	<b>1.6%</b>	<b>10.9%</b>	<b>\$62,221</b>	<b>\$59,611</b>	<b>\$60,116</b>	<b>4.4%</b>	<b>3.5%</b>
<b>Net Operating Loss</b>	<b>(\$773)</b>	<b>(\$927)</b>	<b>(\$697)</b>			<b>(\$7,384)</b>	<b>(\$4,854)</b>	<b>(\$5,811)</b>		
Interest Income	\$3	\$13	\$12	-76.9%	-75.0%	\$83	\$120	\$109	-30.8%	-23.9%
Interest Expense	\$14	\$20	\$18	-30.0%	-22.2%	\$172	\$193	\$173	-10.9%	-0.6%
<b>Net Loss</b>	<b>(\$784)</b>	<b>(\$934)</b>	<b>(\$703)</b>			<b>(\$7,473)</b>	<b>(\$4,927)</b>	<b>(\$5,875)</b>		
<b>Other Operating Statistics:</b>										
<b>Mail Volume: (Millions)</b>										
Total Market Dominant Products Volume <sup>2</sup>	8,503	10,129	9,693	-16.1%	-12.3%	92,931	100,378	103,872	-7.4%	-10.5%
Total Competitive Products Volume <sup>2</sup>	672	433	392	55.2%	71.4%	4,884	4,127	4,217	18.3%	15.8%
Total International Products Volume	62	35	62	77.1%	0.0%	569	607	675	-6.3%	-15.7%
<b>Total Mail Volume</b>	<b>9,237</b>	<b>10,597</b>	<b>10,147</b>	<b>-12.8%</b>	<b>-9.0%</b>	<b>98,384</b>	<b>105,112</b>	<b>108,764</b>	<b>-6.4%</b>	<b>-9.5%</b>
Total Workhours (Millions)	99	94	92	5.3%	7.6%	882	875	886	0.8%	-0.5%
Total Career Employees						497,591		498,095		-0.1%
Total Non-Career Employees						143,031		138,599		3.2%

<sup>1</sup> - June 2020 has one more delivery day and 1.75 more retail days compared to June 2019. YTD has two more delivery and retail days compared to SPLY.

<sup>2</sup> - Excludes International Volume



# Financial Results

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Total International Products Volume	62	35	62	77.1%	0.0%	569	607	675	-6.3%	-15.7%
<b>Total Mail Volume</b>	<b>9,237</b>	<b>10,597</b>	<b>10,147</b>	<b>-12.8%</b>	<b>-9.0%</b>	<b>98,384</b>	<b>105,112</b>	<b>108,764</b>	<b>-6.4%</b>	<b>-9.5%</b>
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# Financial Results

MARKET DOMINANT PRODUCTS  
 PRELIMINARY REVENUE, PIECES, AND WEIGHT BY CLASSES OF MAIL AND SPECIAL SERVICES FOR QUARTER 3  
 FISCAL YEAR 2020 (Apr. 1, 2020-Jun. 30, 2020) COMPARED WITH THE CORRESPONDING PERIOD OF FISCAL YEAR 2019  
 (Data in Thousands)

Service Category	REVENUE \$/				PIECES \$/				WEIGHT (Pounds) \$/			
	Quarter 3		Change		Quarter 3		Change		Quarter 3		Change	
	FY 2020	FY 2019	FY 2020 over FY 2019	Percent	FY 2020	FY 2019	FY 2020 over FY 2019	Percent	FY 2020	FY 2019	FY 2020 over FY 2019	Percent
<b>First-Class Mail</b>												
Single-Piece Letters	1,834,209	1,965,999	(131,790)	(6.7)	3,359,741	3,708,967	(349,226)	(9.4)	98,053	108,440	(10,387)	(9.6)
Single-Piece Cards	38,106	46,900	(8,794)	(18.8)	103,788	128,437	(24,649)	(19.2)	667	826	(159)	(19.2)
Total Single-Piece Letters and Cards	1,872,315	2,012,899	(140,584)	(7.0)	3,463,529	3,837,404	(373,875)	(9.7)	98,720	109,266	(10,546)	(9.7)
Presort Letters	3,094,737	3,316,702	(221,965)	(6.7)	7,820,120	8,494,598	(674,478)	(7.9)	447,460	492,700	(45,240)	(9.2)
Presort Cards	117,701	119,805	(2,105)	(1.8)	446,490	458,225	(11,736)	(2.6)	3,648	3,744	(96)	(2.6)
Total Presort Letters and Cards	3,212,438	3,436,507	(224,069)	(6.5)	8,266,609	8,952,823	(686,214)	(7.7)	451,108	496,442	(45,334)	(9.1)
Flats	370,570	379,784	(9,214)	(2.4)	277,298	310,934	(33,636)	(10.8)	56,571	61,998	(5,426)	(8.8)
Domestic NSA Mail	0	0	0	-	0	0	0	-	0	0	0	-
Outbound First-Class Mail International	25,639	45,002	(19,363)	(43.0)	16,340	29,724	(13,377)	(45.0)	899	1,658	(759)	(45.8)
Inbound Int. Letter-Post Single-Piece & NSA Mail 3/5/	10,207	205,080	(194,874)	(95.0)	17,731	132,549	(114,818)	(86.6)	484	56,898	(56,413)	(99.1)
First-Class Mail Fees	25,447	25,272	175	0.7	-	-	-	-	-	-	-	-
Total First-Class Mail	5,516,615	6,104,544	(587,929)	(9.6)	12,041,514	13,263,435	(1,221,921)	(9.2)	607,782	726,271	(118,489)	(16.3)
<b>USPS Marketing Mail</b>												
High Density and Saturation Letters	209,648	293,642	(83,994)	(28.6)	1,217,520	1,749,749	(532,229)	(30.4)	43,643	72,253	(28,610)	(39.6)
High Density and Saturation Flats & Parcels	362,168	503,699	(141,531)	(28.1)	2,074,690	2,781,067	(706,377)	(25.4)	30,149	49,726	(19,576)	(39.4)
Center Route	190,344	328,117	(137,772)	(42.0)	715,321	1,238,207	(522,886)	(42.2)	146,610	261,014	(114,403)	(43.8)
Letters	1,383,314	2,353,132	(969,818)	(41.2)	6,539,467	10,915,467	(4,375,999)	(40.1)	315,624	527,411	(211,788)	(40.2)
Flats	255,014	343,828	(88,815)	(25.8)	586,004	818,655	(232,650)	(28.4)	153,022	208,791	(55,770)	(26.7)
Parcels	10,903	11,821	(918)	(7.8)	7,867	8,783	(916)	(10.4)	3,333	4,027	(694)	(17.2)
Every Door Direct Mail Retail	20,342	31,714	(11,372)	(35.9)	106,504	169,594	(63,091)	(37.2)	13,509	21,511	(8,002)	(37.2)
Domestic NSA Mail	0	0	0	-	0	0	0	-	0	0	0	-
USPS Marketing Mail Fees	6,018	8,328	(2,310)	(27.7)	-	-	-	-	-	-	-	-
Total USPS Marketing Mail	2,437,751	3,874,281	(1,436,530)	(37.1)	11,247,373	17,681,521	(6,434,148)	(36.4)	976,889	1,592,244	(615,354)	(38.6)
<b>Periodicals Mail</b>												
In-County	11,468	14,259	(2,791)	(19.6)	111,877	126,886	(15,009)	(11.8)	22,183	32,692	(10,509)	(32.1)
Outside County	231,923	286,140	(54,217)	(18.9)	868,596	1,055,637	(187,041)	(17.7)	273,361	361,181	(87,820)	(24.3)
Periodicals Mail Fees	1,319	1,392	(73)	(5.3)	-	-	-	-	-	-	-	-
Total Periodicals Mail	244,710	301,791	(57,081)	(18.9)	980,473	1,182,523	(202,050)	(17.1)	295,543	393,873	(98,329)	(25.0)
<b>Package Services Mail</b>												
Alaska Bypass	8,474	7,817	657	8.4	331	311	19	6.2	22,267	20,972	1,295	6.2
Bound Printed Matter Flats	34,673	42,782	(8,109)	(19.0)	45,990	57,001	(11,010)	(19.3)	84,751	100,081	(15,330)	(15.3)
Bound Printed Matter Parcels	72,103	65,724	6,379	9.7	66,681	59,401	7,280	12.3	119,385	118,769	616	0.5
Media and Library Mail	99,017	68,252	30,765	45.1	27,961	19,071	8,890	46.6	55,703	41,300	14,403	34.9
Package Services Mail Fees	212	260	(48)	(18.4)	-	-	-	-	-	-	-	-
Total Package Services Mail	214,479	184,835	29,644	16.0	140,962	135,784	5,178	3.8	282,107	281,122	984	0.4

# Financial Results

**MARKET DOMINANT PRODUCTS**  
**PRELIMINARY REVENUE, PIECES, AND WEIGHT BY CLASSES OF MAIL AND SPECIAL SERVICES FOR QUARTER 3**  
**FISCAL YEAR 2020 (Apr. 1, 2020-Jun. 30, 2020) COMPARED WITH THE CORRESPONDING PERIOD OF FISCAL YEAR 2019**  
 (Data in Thousands)

Service Category	REVENUE 6/				PIECES 6/			
	Quarter 3		Change		Quarter 3		Change	
	FY 2020	FY 2019	Amount	Percent	FY 2020	FY 2019	Amount	Percent
<b>First-Class Mail</b>								
Single-Piece Letters	1,834,209	1,965,999	(131,790)	(6.7)	3,359,741	3,708,967	(349,226)	(9.4)
Single-Piece Cards	38,106	46,900	(8,794)	(18.8)	103,788	128,437	(24,649)	(19.2)
Total Single-Piece Letters and Cards	1,872,315	2,012,899	(140,584)	(7.0)	3,463,529	3,837,404	(373,875)	(9.7)
Presort Letters	3,094,737	3,316,702	(221,965)	(6.7)	7,820,120	8,494,598	(674,478)	(7.9)
Presort Cards	117,701	119,805	(2,105)	(1.8)	446,490	458,225	(11,736)	(2.6)
Total Presort Letters and Cards	3,212,438	3,436,507	(224,069)	(6.5)	8,266,609	8,952,823	(686,214)	(7.7)
Flats	370,570	379,784	(9,214)	(2.4)	277,298	310,934	(33,636)	(10.8)
Domestic NSA Mail	0	0	0	-	0	0	0	-
Outbound First-Class Mail International	25,639	45,002	(19,363)	(43.0)	16,348	29,724	(13,377)	(45.0)
Inbound Intl. Letter-Post Single-Piece & NSA Mail 3/ 5/	10,207	205,080	(194,874)	(95.0)	17,731	132,549	(114,818)	(86.6)
First-Class Mail Fees	25,447	25,272	175	0.7	-	-	-	-
Total First-Class Mail	5,516,615	6,104,544	(587,929)	(9.6)	12,041,514	13,263,435	(1,221,921)	(9.2)
<b>USPS Marketing Mail</b>								
High Density and Saturation Letters	209,648	293,642	(83,994)	(28.6)	1,217,520	1,749,749	(532,229)	(30.4)
High Density and Saturation Flats & Parcels	362,168	503,699	(141,531)	(28.1)	2,074,690	2,781,067	(706,377)	(25.4)
Camera Route	190,344	328,117	(137,772)	(42.0)	715,321	1,238,207	(522,886)	(42.2)
Letters	1,383,314	2,353,132	(969,818)	(41.2)	6,539,467	10,915,467	(4,375,999)	(40.1)
Flats	255,014	343,828	(88,815)	(25.8)	586,004	818,655	(232,650)	(28.4)
Parcels	10,903	11,821	(918)	(7.8)	7,867	8,783	(916)	(10.4)
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# July 2020

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<b>Revenue:</b>										
Operating Revenue	\$6,160	\$5,646	\$5,640	9.1%	9.2%	\$60,991	\$60,389	\$59,929	1.0%	1.8%
Other Revenue	2	1	1	100.0%	100.0%	8	15	17	-46.7%	-52.9%
<b>Total Revenue</b>	<b>\$6,162</b>	<b>\$5,647</b>	<b>\$5,641</b>	<b>9.1%</b>	<b>9.2%</b>	<b>\$60,999</b>	<b>\$60,404</b>	<b>\$59,946</b>	<b>1.0%</b>	<b>1.8%</b>
<b>Operating Expenses:</b>										
Personnel Compensation and Benefits	\$5,648	\$5,034	\$4,820	12.2%	17.2%	\$53,704	\$50,671	\$51,282	6.0%	4.7%
Transportation	731	676	637	8.1%	14.8%	7,317	7,140	6,948	2.5%	5.3%
Supplies and Services	228	231	195	-1.3%	16.9%	2,554	2,340	2,298	9.1%	11.1%
Other Expenses	576	590	592	-2.4%	-2.7%	5,829	5,991	5,833	-2.7%	-0.1%
<b>Total Operating Expenses</b>	<b>\$7,183</b>	<b>\$6,531</b>	<b>\$6,244</b>	<b>10.0%</b>	<b>15.0%</b>	<b>\$69,404</b>	<b>\$66,142</b>	<b>\$66,361</b>	<b>4.9%</b>	<b>4.6%</b>
<b>Net Operating Loss</b>	<b>(\$1,021)</b>	<b>(\$884)</b>	<b>(\$603)</b>			<b>(\$8,405)</b>	<b>(\$5,738)</b>	<b>(\$6,415)</b>		
Interest Income	\$3	\$13	\$11	-76.9%	-72.7%	\$86	\$132	\$121	-34.8%	-28.9%
Interest Expense	\$14	\$21	\$17	-33.3%	-17.6%	\$186	\$214	\$190	-13.1%	-2.1%
<b>Net Loss</b>	<b>(\$1,032)</b>	<b>(\$892)</b>	<b>(\$609)</b>			<b>(\$8,505)</b>	<b>(\$5,820)</b>	<b>(\$6,484)</b>		
<b>Other Operating Statistics:</b>										
<b>Mail Volume: (Millions)</b>										
Total Market Dominant Products Volume <sup>2</sup>	9,220	10,431	10,705	-11.6%	-13.9%	102,151	110,808	114,576	-7.8%	-10.8%
Total Competitive Products Volume <sup>2</sup>	657	422	436	55.7%	50.7%	5,541	4,550	4,653	21.8%	19.1%
Total International Products Volume	48	41	62	17.1%	-22.6%	617	648	738	-4.8%	-16.4%
<b>Total Mail Volume</b>	<b>9,925</b>	<b>10,894</b>	<b>11,203</b>	<b>-8.9%</b>	<b>-11.4%</b>	<b>108,309</b>	<b>116,006</b>	<b>119,967</b>	<b>-6.6%</b>	<b>-9.7%</b>
Total Workhours (Millions)	98	95	96	3.2%	2.1%	980	970	982	1.0%	-0.2%
Total Career Employees						497,233		497,562		-0.1%
Total Non-Career Employees						144,547		139,232		3.8%

<sup>1</sup> July 2020 has the same number of delivery days and 0.75 more retail days compared to July 2019. YTD has two more delivery days and 2.75 more retail days compared to SPLY.

<sup>2</sup> Excludes International Volume



# July 2020

**Mail Volume and Mail Revenue** (Source: Results derived from reclassified products based on Postal Service Revenue Pieces and Weights Reports)

**USPS Financial Information (Unaudited)**

July 2020 <sup>1</sup> (Thousands)	Current Period			Year-to-Date		
	Actual	SPLY <sup>1</sup>	% SPLY	Actual	SPLY <sup>1</sup>	% SPLY
<b>Market Dominant Products:</b>						
<i>First Class:</i>						
Volume	4,147,406	4,360,466	-4.9%	44,678,877	46,585,246	-4.1%
Revenue	\$1,878,541	\$1,937,646	-3.1%	\$20,206,194	\$20,718,173	-2.5%
<i>Periodicals:</i>						
Volume	279,169	350,050	-20.2%	3,389,938	3,893,675	-12.9%
Revenue	\$70,403	\$88,699	-20.6%	\$867,352	\$999,171	-13.2%
<i>USPS Marketing Mail<sup>TM</sup>:</i>						
Volume	4,723,278	5,924,895	-20.3%	53,333,215	63,313,614	-15.8%
Revenue	\$1,021,845	\$1,297,655	-21.3%	\$11,636,683	\$13,694,475	-15.0%
<i>Package Services:</i>						
Volume	44,929	43,114	4.2%	481,656	511,349	-5.8%
Revenue	\$70,726	\$62,034	14.0%	\$691,805	\$677,037	2.2%
<i>All Other Market Dominant Mail:</i>						
Volume	25,377	26,488	-4.2%	267,772	272,549	-1.8%
Revenue	\$196,301	\$222,109	-11.6%	\$1,934,140	\$2,434,798	-20.6%
<b>Total Market Dominant Products:<sup>2</sup></b>						
Volume	9,220,159	10,705,013	-13.9%	102,151,458	114,576,433	-10.8%
Revenue	\$3,237,816	\$3,608,143	-10.3%	\$35,336,174	\$38,523,653	-8.3%

# FCM Post Cards

# Current State

## DMM 101.6.2.2 Postcard Dimensions

Each card and part of a double card claimed at card pricing must be the following:

- a. Rectangular.
- b. Not less than 3-1/2 inches high, 5 inches long, and 0.007 inch thick.
- c. Not more than 4-1/4 inches high, or more than 6 inches long, or greater than 0.016 inch thick.
- d. Not more than 3.5 ounces (Charge flat-size prices for First-Class Mail card-type pieces over 3.5 ounces.)

# FCM Postcard

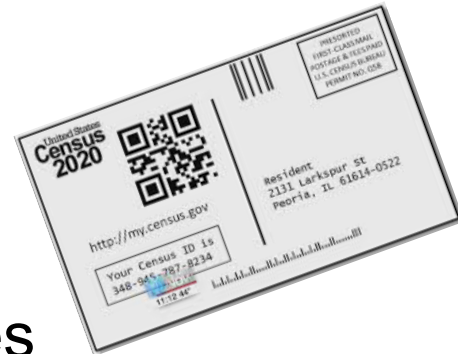
## Mailing Industry Request

Allow FCM Postcards up to 6" x 9"

Allow for quicker response to emergencies

Better Marketing opportunities

Method to keep some loss of transactional mail



# FCM Postcard Concerns

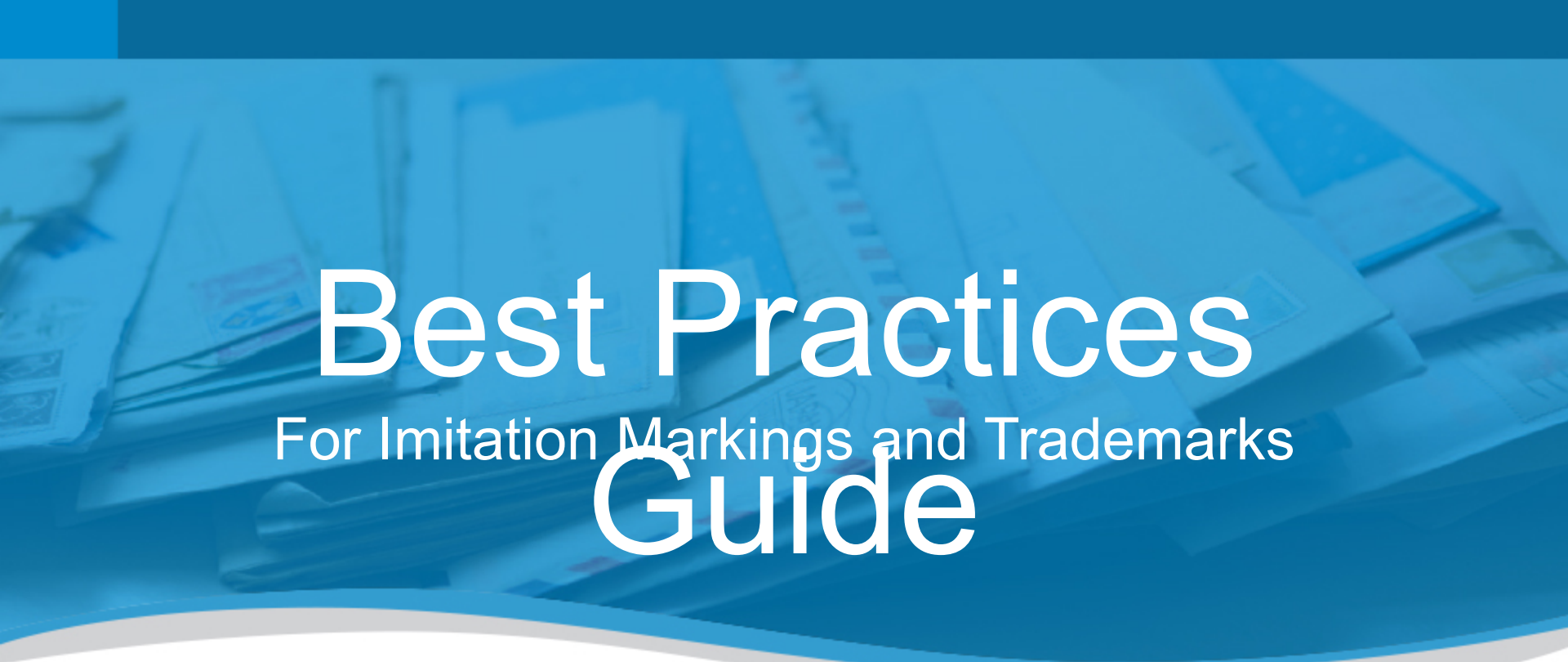
- Postcard postage is ~15 cents cheaper per piece
- Postcard is NOT cheaper to process or deliver
- Could cause a faster decline in transactional letter mail
- Significant potential loss of revenue for USPS





# Kurt Ruppel

IWCO Direct



# Best Practices

For Imitation Markings and Trademarks

# Guide



# Best Practices Guide

## Imitation Markings and Trademarks

Industry “ask” for many years

DMM vague

Lots of gray areas

Hard to enforce

Guidance for designers

Available on EMA website: <https://www.envelope.org/wp-content/uploads/2020/08/Best-Practices-Guide-for-Imitation-Markings-and-Trademarks-PCSC-080620.pdf>

# Best Practices Guide

## Prohibited Envelope Designs

Colors, color schemes, or format  
Copying USPS designs



# Best Practices Guide

## Envelope Design

Colors, color schemes, or format



# Best Practices Guide

## Not Allowed Verbiage

Implies product/class of mail not used by mailpiece

USPS trademarks

Except as official markings

Implies a service not paid for or provided to mailpiece

# Best Practices Guide

## Indicia Designs

No USPS logos, stamp designs, or imitation stamps

No faux barcodes

No faux postage markings/postmarks

“Decorative” designs must be spaced from indicia



# New PMG

# New Postmaster General

Louis DeJoy

Former logistics executive

Trump supporter

First “outside” PMG in more than 20 years

Also new to Washington/government

Creating controversy with agenda for change

Timing of change an issue





# Bill LeVoir

Mackay Mitchell Envelope Company





# COVID 19 & USPS

# Early Impact

- Mail was 50-60% late
- Volumes dropped
- Supply chain interruptions
- Overtime continued
- \$1.2 billion in overtime
- \$2 billion in transportation

# Currently

- USPS depends on mailing and printing industries
- USPS adequate capacity
- Delivery times stabilizing
- Packages up significantly
- Congressional help



# Political and Election mail

# Political and election mail

- What's the difference?
- **Political mail** is any material that is mailed at First-Class Mail or Marketing Mail rates for political campaign purposes
- **Election mail** is any item mailed to or from authorized election officials that enables citizens to participate in the voting process
- “Tidal wave” of applications for voting by mail
- Minnesota 20-fold increase in requested absentee ballots 2020 vs 2016

# Political and election mail

- How to handle the extra volume?
- Ballot mail processing is very complicated
- USPS sent letters to 46 states to allow time to process ballot mail
- Will the postal service delivery impact vote counting?
- USPS organization overhaul
- 80-100 million mail in votes

# Political and election mail

- Aug 19, 2020, PMG DeJoy pulled back cost cutting measures
- Allow 10 days for mail and reception
- Standard sizes for envelopes
- States and counties control election functions
- Many envelopes will be needed
- Perhaps 2 to 3 per package, up to 250 million additional

# Resources

- **Amber McReynolds**, [voteathome.org](http://voteathome.org)
- [Civicdesign.org](http://Civicdesign.org)
- [USPS.com](http://USPS.com)
- [Healthyelections.org](http://Healthyelections.org)
- Your local Postal Customer Council
- **EMA**





# Thank you For

EMA Postal Webinar

# Attending

# Save the date: September 23<sup>rd</sup> 2:00pm

EMA M&T committee presents a first in a series of single topic technical webinars with the goal of assisting EMA members with their greatest production issues

## Webinar #1 : **side seam extrusion gluing**

- Our industry's #1 envelope quality complaint
- We estimate it costs our industry \$10 million annually in both direct and indirect costs not counting goodwill and trust!

Adhesive technology OEM's and glue suppliers will all participate and present best practices, tips, personal experiences as well as answer attendees questions all lively moderated by industry veteran  
Bob Tees

# EMA FALL VIRTUAL MEETING

October 7 – 8, 2020



Visit [www.envelope.org](http://www.envelope.org), for more details